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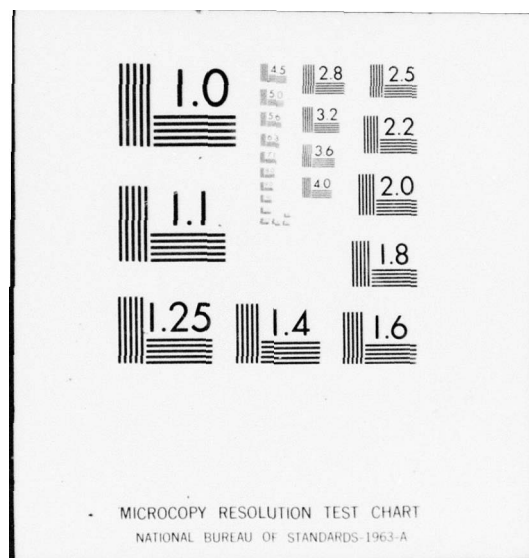
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MILITARY UNIONS: THE POSSIBILITY, THE COST, THE CONGRESSIONAL R--ETC(U)
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Military Unions: The Possibility
The Cost
The Congressional Response

An Economic Analysis 1971-1976

A Thesis presented to the research
advisor at the U.S. Army Command
and General Staff College in partial
fulfillment of the requirements
for the degree of

MASTER OF MILITARY ARTS AND SCIENCE

by
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Fort Leavenworth, Kansas
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The opinions and conclusions expressed herein are those of the individual student author and do not necessarily represent the views of either the U.S. Army Command and General Staff College or any other governmental agency. (References to this study should include the foregoing statement.)

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ABSTRACT

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This study attempts to identify and analyze the economic aspects of military unionization. The research effort considers the literature on unionism, the evolution of foreign military unions, the evolution of U.S. federal government employees' unions, and the background of U.S. military unions. The time frame for the study is 1971-1976. The investigation answers three questions: Is military unionization a distinct possibility? Will significant additional budgetary costs accrue to the Department of Defense with the unionized military? Are these costs prohibitive? (Might Congress disallow unions for budgetary reasons?)

The analysis reveals that military unionization is a distinct possibility, with possible budgetary cost increases of \$11.5 - \$15 billion accruing over a three year period. These costs are deemed significant by the author, to the extent that Congress could act to allow or prohibit military unions based upon these costs, via several options as outlined in the report. The conclusion is that, whatever the Congressional response, personnel costs will increase with the unionized military.

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CHAPTER I

INTRODUCTION

One cannot discuss morale without considering unionization. Commissioners and staff members, after extensive travel among units in the field, conclude sadly that unionization is a real possibility. That issue must be faced squarely now by the President, the Secretary of Defense and the Congress. -- General Bruce Palmer, Jr., USA (Ret) and Mr. Curtis W. Tarr, in discussing the Defense Manpower Commission Reports of 1976¹

Background

Unionism as a social force in industrialized nations has endured for over one hundred years. What Samuel Gompers envisioned as a means of collective representation of the labor element has evolved into a significant societal factor, politically as well as economically. The union movement worldwide--within Western nations--has resulted in significant proportions of unionized labor, in many industries, trades, and crafts. Growth within certain fields and countries has often fluctuated for political, economic, managerial, even military reasons, but it can be generally concluded that the movement toward unionization of the civilian labor force has been a continuously positive one.

Within the United States, labor unions enjoyed a rapid increase in membership in the late 1800's followed by a long period of steady but slowed increase to the post-World War II

period. Within the last 25-30 years, union membership began to decline, that decline becoming more pronounced over the 10 year period 1966-76. Much of this decline was the result of better labor-management relations on the part of management, a change in the legal nature of unions on the part of Congress, and a change in the labor force itself from "blue collar worker" to "white collar employee." Another change: union leaders became more politically and socially involved in local matters and in national affairs, resulting in a feeling of nonrelevant representation to the individual worker. The rise, notoreity, and impact of George Meany attests to this notion. Further, women also joined the labor force in increasing numbers, with different motivations and interests, some at variance to the union positions. Suffice to say the national civilian labor force and the national civilian labor situation changed with the result being a net decrease in the impact of the private sector labor union.

This was not the case among the nation's public sector work force. Union membership of government employees doubled within the period 1966-76. By December 1976 over 80% of all federal "blue collar" and over 50% of federal "white collar" civilian employees were union members. It was the area of greatest union growth. That the government employment rosters continued to grow in size accounted for some of this increase, but not for all. Presidential Executive Orders allowing, later requiring and protecting, union recognition in federal labor-management activities also accelerated the development of this public service unionism. Congressional actions in the

1970's delaying and/or deleting federal service benefits and pay matters exacerbated the situation. Many state and local governmental actions (and inactions) resulted in strikes, walkouts, and other work stoppages by policemen, firemen, teachers, and other public servants. Increasing numbers of unions and associations were organized to collectively represent these various constituencies. In effect, the union movement had not waned, but simply changed direction to appeal to new societal groups.

As of 31 December 1976, no union fully represented the American serviceman, and both Congress and the Executive Branch continued to scrutinize manpower budgets and benefits to his disadvantage. For example, legislated military pay raises were delayed, reduced, or both, for the years 1972-76. In an attempt to represent the maligned serviceman and to protect his interests, at least three unions announced some interest in allowing military memberships: the Teamsters, the National Maritime Union, and the American Federation of Government Employees (AFGE). In March 1976 Senator Strom Thurmond introduced legislation in Congress to prohibit military unionization; the bill was never acted upon, but may be re-introduced in the 95th Congress. In November 1976 Jimmy Carter, the Democratic candidate and the announced "friend of organized labor," was elected with the AFL-CIO endorsement and, more significantly, with the announced support of the many government employees' unions. In late November 1976 the American Federation of Government Employees (AFGE) announced its planned organizational structure for unionizing the

military, as the new Administration was studying troop reductions, military pay ceilings, and the further deletions of military benefits. The AFGE announced a national organizational meeting for February 1977, to discuss unionization of the military. Concern mounted that unionization might become a reality, and a review of past research on the subject was necessary.

Previous Research

Many individual studies have been conducted regarding military unionization, with wide interests and varied results. Most involved some search for precedent within foreign armed forces, history within the U.S. armed forces, legal aspects of the movement to unionize, possible outcomes, and recommendations. No books dealt directly with the subject. Due to the contemporary and changing nature of the subject, the research material was produced within a recent (five year) timeframe, and seemed logically reinforcing; that is, the writings of 1976 were based heavily on the writings of 1974. Military unionization problem statements have ranged from "Factors Influencing Unionization . . ." to "Challenges to Civilian Supremacy." Most research was the work of military officers, students at the higher level military schools. To these military researchers, this was a vague yet a highly emotional issue, one which was perceived as threatening to chain of command, to the concept of military authority, and to basic military discipline. The areas of research logically tended to include these military aspects of the subject as well as the perceived social aspects, the erosion of benefits, and the like. Nowhere was

the aspect of economic budgetary cost addressed. This study is directed toward that aspect.

The Problem

This research attempts to identify and analyze the economic aspects of military unionization. If unions are a distinct possibility, what budgetary costs need be considered in any decision to unionize the U.S. armed forces? Are these costs significant?

The Objective

This study attempts to answer three questions:

Question 1. Is military unionization a distinct possibility?

Question 2. Will significant additional budgetary costs accrue to the Department of Defense with the unionized military?

Question 3. Are these costs prohibitive? Might Congress disallow unions for budgetary reasons?

Value of the Study

There are forthcoming, to the political leaders and to the military leaders of this country, some serious questions regarding the prospect of military unions, questions which will require intelligent and perceptive responses. This study can be of value in providing information to:

1. Update the military union status in general, and in the United States;
2. Clarify the issue of military union affairs;

3. Reconcile this union movement with the economic results of foreign military unions, U.S. government employee unions, and the economic concepts of the U.S. All-Volunteer Force.

4. Project to the Congress, to the Department of Defense, and to the military leadership the additional budgetary expense which might accrue with military unionization, for decision-making purposes.

Limitations, Assumptions, and Definitions

Since this was such a broad area, several limitations were applied to the scope of this research.

First, the literature involved only that deemed current (1971-1976), relevant to the Problem, and accessible to the author (U.S. Army Command and General Staff College library services, Defense Documentation Center, the union offices, foreign military representatives, U.S. Government Printing Office, members of Congress, and Office of the Secretary of Defense). The timeframe for this study ended 31 December 1976.

Second, no attempt was made to forecast any changes to Department of Defense reorganization or force structures, which might then have effected changes to cost factors. Further, no attempt was made to forecast any eventual union contract agreements which might impact on the method of Table of Organization and Equipment (TOE) development.

Third, no attempt was made to settle either the legal or moral aspects of possible unionization of the military, or even to question the validity of these legal or moral aspects.

For purposes of reference, there are two schools of thought: (1) it is legal, by the First Amendment to the Constitution, for men (including servicemen) to assemble and voice grievances, and (2) it is illegal for the military to so unionize without Congressional consent, as Congress alone can pass laws to govern the armed forces of the United States.

Fourth, state and local government employees' unions and their activities, while interesting, were deemed beyond the scope of the Problem and therefore were not to be addressed in this paper.

Various assumptions were necessarily made to draw some parameters and boundaries for the study.

One, that the All-Volunteer Force would continue at least through 1977 with relatively stable manpower requirements.

Two, that the political-military budgetary debates would continue, in that Congress would continue to weight heavily the cost of defense programs versus the cost of other national programs, and that the Department of Defense would continue to feel the need of weighing costs of military equipment versus costs of manpower. Finally in this assumption, that the perceived Soviet threat to world peace would continue, with the implied need for a strong U.S. defense establishment.

Three, that unions would continue their interest in collectively representing the military.

Finally, the following definitions were adopted for purposes of clarity in this research:

Union: an organization of individuals formed to promote, protect, and improve, through collective action, the

social, economic, and political interests of its members. The term "union" is meant to apply to a general representation of people, e.g., a labor organization such as the American Federation of Government Employees (AFGE) versus a more restrictive representation such as the Reserve Officers Association, Enlisted Union, Marine Corps Association, or a local union chapter. The viewpoint in this study is thus to be macro-versus micro-scopic.

Military personnel: uniformed men and women, officers and enlisted, of the active and reserve components of the armed forces, as organized under the Executive Branch of the federal government.

Government employee: men and women employed by the Executive Branch of the federal government excluding military personnel (but including Air National Guard technicians).

Strike: the deliberate, collective stoppage of work.

Labor: all personnel (civilian and military) of the Department of Defense, for purposes of union representation to the Congress, to the Office of the Secretary of Defense, and to the President.

Management: relative to the definition of labor given above, it is the Congress, the Office of the Secretary of Defense, and the Office of the President.

Organization

This paper is basically organized as follows: Chapter I provides introduction to the subject with Chapter II

reviewing the literature on unionization, to include the union movement generally, the evolution of foreign military unions, and U.S. government employees' unions and U.S. military unions. Here the legal, social, political, and economic aspects of such unions are addressed, in an attempt to determine the significant economic factors to unionization, and any past results with unionized military.

Chapter III reports the economic results of unionization within the private sector and public sectors of the U.S. The chapter notes some economic results of foreign military unions, some results of U.S. government employee unions and the Postal Service unions, and some economic aspects of the All-Volunteer Force. Various costs are disclosed regarding the economics of unionization. Chapter III ends with an outlining of the logic toward unionization.

Chapter IV begins with a summary of the various economic matters and answers the question of the possibility of military unionization. With that response as a basis, the chapter then reports the budgetary costs which might be involved in such unionization, and comments on their significance. The treatment of such costs remains necessarily broad, as any more rigorous analysis would be speculative at best, with some possibly misleading findings. Chapter IV ends with a cost projection on the additional budgetary costs which might accrue with unionization, and the role of Congress relative to such costs.

Chapter V states the conclusions reached by the study, commentary regarding the results and regarding future research.

CHAPTER II

THE UNION MOVEMENT

The primary essential in our mission has been the protection of the wage-worker, now; to increase his wages; to cut hours off the long workday, which was killing him; to improve the safety and the sanitary condition of the workshop; to free him from the tyrannies, petty or otherwise, which served to make his existence a slavery. These, in the nature of things, I repeat, were and are the primary objects of trade unionism.--Samuel Gompers, 1919²

In the Private Sector

Unions enjoy a long and honorable tradition. Started in the early days of American life, their history predates the Declaration of Independence. Formation of unions was originally done based on trade or craft, and such collective organizations were usually local, with social and economic interests. In the early 1800's unions pursued a theme of brotherhood and fraternity, and the philosophies of these labor organizations gradually changed with the times.³ With the industrial revolution in America and the perceived exploitation of labor, motives for membership changed to include not only the social but also the economic and psychological factors as expressed by Karl Marx.⁴ The dominant interest became economics. With Gompers's leadership, American unions broadened in scope and purpose, became national in organization, even formed common associations for collective strength; the American Federation of Labor (AFL) was

formed in 1886. With this evolution to organized labor was married an evolution to the concepts of business unionism and job consciousness over and above any interests in brotherhood and social legislation. Business unionism held, and brought to modern times, the belief that a union's major objective was to protect and improve the economic position of its members.⁵ Organized collective action was deemed more effective to the betterment of this interest than individual efforts.

Though the industrialization of the American economy continued, union growth was relatively slow until the passage of Federal acts in the 1920's and 1930's, especially following the Depression. These laws recognized the difference in management and labor interests, and gave the protection of law to the organizing process. Prior to World War I, total union membership was approximately 2.5 million. The prosperity of the war period, when combined with favorable governmental attitudes, particularly those of the Federal government, served to stimulate a rapid and remarkable expansion of union membership to a total of approximately five million members in 1920. This doubling of the number belonging to labor unions served to stimulate a change in the philosophy of personnel management in many companies, from the mechanical or commodity approach to one more paternalistic. During the 1920's and early 1930's, there was an actual decline in the numerical strength of unions to a level of fewer than three million in 1933. However, with the passage of Federal legislation protecting the right to organize without interference from the employer, as exemplified by the Wagner Act of 1935, the union movement started to grow very rapidly. In the 12-year period from 1933 to 1945,

the numerical strength of unions increased fivefold, from less than three million to approximately 15 million.⁶

Another interesting aspect during this long period was the union merger. Local trade unions joined with other such trade unions to form national organizations. Further, these national unions formed alliances with those of other trades, crafts, or industrial labor groups. The American Federation of Labor (AFL), the Congress of Industrial Organizations (CIO), and their eventual merger in 1956 into the AFL-CIO, was an example. Such coalitions resulted in a new dimension of influence and power to the union movement. And with such power came the natural inclination to influence matters politically. Thus, unions came to represent labor socially, economically, and politically.

The union movement matured. In raw numbers, total union membership continued to climb, but in proportion to total employment, it began to fall, as shown in Chart 1 and Chart 2 of Figure II-1.⁷ At best, union membership, as a proportion of total employment, held steady in more recent years, at about 25%. Excluding the memberships of such quasi-union organizations as the National Education Association and the American Nurses Association, the unionized portion of the work force declined from 23.2% in 1965 to 22.6% in 1974, the time of the most recent Labor Department surveys; this was not shown in Figure II-1, however. During those nine years, the total membership of unions grew by almost 3.3 million persons, to 20,566,000. But the labor force in total grew at an even more rapid rate.⁸

FACTS ABOUT UNIONS

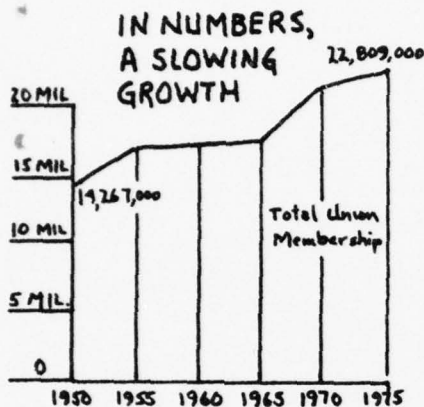


Chart 1

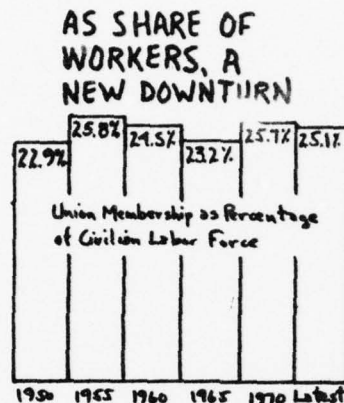


Chart 2

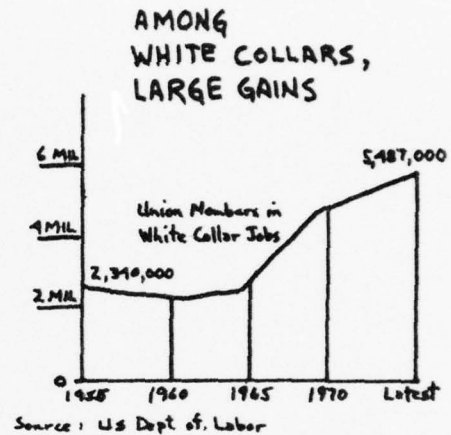


Chart 3

Figure II-1

This decline in the proportion of the organized labor force was attributed to various reasons, the major one being the increasing percentage of "white collar workers" in the economy, for example draftsmen, clerks and technicians, as shown in Chart 3 of Figure II-1. Professor Peter Drucker termed them the "knowledge workers," in that their output was not a physical object, but knowledge and ideas.⁹ And, while their number was steadily increasing in absolute terms, their percentage of the labor force/total employment in the economy was also steadily increasing. And as union members their number was also increasing, absolutely and proportionately, faster than the averages; as can be seen in Figure II-2.¹⁰ This "white collar" group constituted the fastest growing segment of the labor force by 1976.

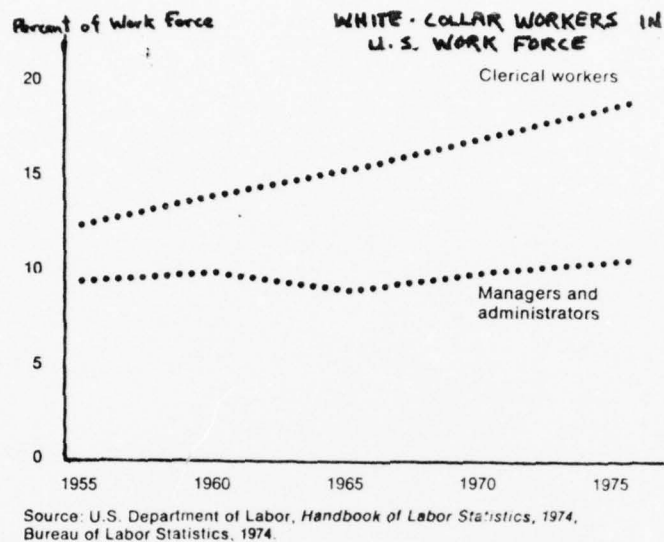


Figure II-2

One other aspect of this recent phenomena in the history of unions involved professionals. By 1976, there were almost three million members of unions and employee associations who were classified as professional and/or technical employees, to include public schoolteachers, college professors, musicians, actors, journalists, engineers, doctors, and nurses, among others.¹¹ This was a unique group to the union movement, with some unique experiences. A recent Harvard Business Review study reported some of the more significant aspects to this movement.¹²

In March 1975, the United States witnessed a relatively minor, but rather dramatic event. More than 2,000 doctors in New York City went on strike for four days. In the best tradition of more conventional trade unionists, they walked picket lines and demanded improvements in pay, hours, and working

conditions. As noted in the Harvard Business Review report, this was an "honest-to-goodness labor dispute" and not the increasingly common but, in union terms, less significant protest of malpractice insurance problems by established doctors. This action caused many observers to question a doctor's need for a union. When put in proper perspective, however, these developments were neither strange nor unexpected, and have important implications far beyond the narrow medical community. In actuality, the men and women participating in these strikes, and the many more doctors currently in unions, were not the highly paid and independently employed practitioners normally considered. Rather, they were hospital interns and resident doctors, employees of large bureaucratic organizations. The similarities between them and other employed professionals were far greater than the more obvious differences.

From the Harvard Business Review report comes the understanding that "white collar" then describes both professionals and "knowledge workers," and that these ranks constitute about one half of all working people, with this percentage increasing steadily. The fastest-growing segment, professional and technical employees, in 1976 accounted for one seventh of the total work force, and should move to one sixth by 1985. This segment accounts for 17.4% of all union membership. As an example, in 1975 the American Federation of Teachers (AFT) claimed 450,000 members, 4 1/2 times its 1968 membership. Further, one of every ten such members was on a college faculty. If the professors belonging to the various other unions were added, it would seem that one-fifth of the American professoriat,

on over 420 campuses, had been organized, within the past decade. By contrast, the United Brotherhood of Carpenters and Joiners' membership expanded by only 11% in the years 1963-73. And the United Auto Workers (UAW) and the Teamsters, mostly blue-collar unions trying to increase their white-collar membership, achieved only slightly better success (about 30%, although from a larger base). This union membership growth is tabulated in Figure II-3.¹³

Union membership growth (relative to 1963)

| Year | AFT | AFSCME | AFGE | CWA | SEIU | UAW | Teamsters | Carpenters |
|------------------------|------|--------|------|------|------|-------|-----------|------------|
| 1963 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |
| 1965 | 1.41 | 1.07 | 1.31 | 1.05 | 1.09 | 1.09 | 1.03 | 1.03 |
| 1967 | 1.76 | 1.28 | 1.88 | 1.15 | 1.18 | 1.31 | 1.13 | 1.08 |
| 1969 | 2.33 | 1.66 | 2.78 | 1.28 | 1.32 | 1.37 | 1.20 | 1.07 |
| 1971 | 2.90 | 2.02 | 3.07 | 1.51 | 1.48 | 1.38 | 1.26 | 1.11 |
| 1973 | 3.51 | 2.40 | 2.76 | 1.59 | 1.64 | 1.30 | 1.27 | 1.11 |
| 1973 (by thousands) | 249 | 529 | 293 | 443 | 484 | 1,394 | 1,855 | 820 |

AFT: American Federation of Teachers

AFSCME: American Federation of State, County and Municipal Employees

AFGE: American Federation of Government Employees

CWA: Communications Workers of America

SEIU: Service Employees' International Union

UAW: United Automobile, Aerospace, and Agricultural Implement Workers of America

Teamsters: International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America

Carpenters: United Brotherhood of Carpenters and Joiners of America

Source: U.S. Department of Labor, *Directory of National Unions and Employee Associations*, Bureau of Labor Statistics, 1963-1973.

Figure II-3

Conclusions reached by this Harvard Business Review study were that: (1) the fraction of professionals employed by others would continue to increase, (2) these professionals would have inherently different viewpoints than their employers about their job situation, and (3) these professionals would continue to be attracted to unions in ever-growing numbers.¹⁴

Mr. Dick Bruner's perception, back in 1957, that "white collar workers are the most exploited group in our economy," may have finally been realized by the members of that group.¹⁵

Another change in the structure of the labor force was the emergence of women into society via the Women's Liberation Movement, and their resultant entry into the labor force in significant numbers. Their numbers have been included in all the Figures illustrated; their percentage of the total labor force increased substantially in most categories. But women did not join the unions as men did, which has helped to decrease the union membership figures. They probably won't, as their motivations for jobs are different. In this regard, it could be expected that women would continue to enter the labor force in growing numbers, with the same effects on union memberships.

So, what was the status of unions by the end of 1976? The unions in the private sector of the economy had grown in size and influence, had apparently peaked in terms of relative memberships, had evolved their interests from purely social to social, economic, and political aspects, had some internal problems, and had some new types of members in the ranks (i.e., white collar, professionals, and women).

Though membership was changing, the economic basis of unionization remained steady and strong. Economically, the union results were most beneficial. Collective bargaining is said to be the essence of the union movement, and is illustrated best by the economic benefits having accrued to the represented. The union member usually held a wage

advantage over the non-union worker. In a paper prepared for the Council on Wage and Price Stability, Orley Ashenfelter of Princeton University calculated that the wage advantage of the union member stood, overall, at 11% in 1967, 14% in 1973, and 16% in 1976.¹⁶ In March 1977 the Labor Department reported pay for union members rose 8.1% over the 12-month period ending December 31, 1976, while jobs not covered by collective bargaining agreements rose only 6.8%.¹⁷ New wage agreements negotiated through June 1976 raised wages an average of 7%, down from 8.1% in 1975 but still relatively high (e.g., relative to federal pay raises of 5.0% for the periods). And pay was not the only economic consideration of labor negotiation and settlements. Fringe benefits, which workers get in addition to their cash pay, took a bigger bite out of companies' payroll costs than ever before, as illustrated in Figure II-4.¹⁸ Note the substantial increases since 1965, and the high cost of pension plans. It was the single most costly item in typical company fringe packages in 1976. In fact,

We don't call them fringes any more, because most workers take them for granted as something to which they're entitled. Nowadays we talk instead about a total payroll package. And that can include benefits ranging from coffee breaks and free legal advice to wash-up time or 'lonely pay' for workers whose tasks keep them isolated from fellow employees.¹⁹

These facts could have significant meaning in light of the political situation in the United States at the end of 1976. The labor element of the American society has long favored the Democratic Party, and vice versa. With the new

FRINGE BENEFITS: *Gaining Twice as Fast as Wages*

Average cost per employe in industry

| | 1965 | 1975 | | |
|------------------------|---------|----------|-----------------------|---------|
| Fringe benefits | \$1,502 | \$3,984 | Increase in "fringes" | Up 165% |
| Pay for time worked | \$5,460 | \$9,709 | Pay increase | Up 78% |
| Total employment costs | \$6,962 | \$13,693 | Total increase | Up 97% |

Source: Chamber of Commerce of the U.S.

HOW INDUSTRIES RANK IN PAY SUPPLEMENTS

Percentage of payroll costs going into "fringes" in 1975 -

Manufacturing Industries

| | | | |
|---------------------------|-------|--------------------------------|-------|
| Chemicals | 42.2% | Pulp, paper, lumber, furniture | 32.7% |
| Primary metals | 40.6% | Printing, publishing | 32.2% |
| Rubber, leather, plastic | 40.4% | Textile products, apparel | 27.8% |
| Transportation | 39.9% | | |
| Petroleum | 39.2% | | |
| Food, beverages, tobacco | 36.2% | | |
| Nonelectrical machinery | 36.1% | | |
| Stone, clay, glass | 35.1% | | |
| Fabricated metal products | 35.1% | | |
| Electrical machinery | 35.0% | | |
| Instruments | 34.8% | | |

Nonmanufacturing Industries

| | |
|-------------------|-------|
| Public utilities | 37.5% |
| Banking | 37.3% |
| Insurance | 35.2% |
| Department stores | 28.4% |
| Trade | 28.2% |
| Hospitals | 24.0% |

WHERE BENEFITS GO

Of the \$3,984 in fringe benefits per employe in 1975 -

| | |
|------------------------------------|-------|
| Social Security (employer's share) | \$636 |
| Pension plans | \$620 |
| Insurance | \$582 |
| Paid vacations | \$580 |
| Paid rest, lunch periods | \$408 |
| Paid holidays | \$376 |
| Workmen's compensation | \$141 |
| Paid sick leave | \$134 |
| Profit sharing | \$123 |
| Unemployment compensation | \$114 |
| Other benefits | \$270 |

Figure II-4

Democratic Administration and a Democratic-majority Congress, labor could receive favorable support in its own legislative initiatives, plus receive additional benefits as a result of Democratic initiatives. Proposals are underway to raise the minimum federal wage, to repeal "right to work" laws (which do not require union membership for employment), to expand union strike and picketing rights, and to provide collective bargaining rights to public employees as well as private.

The Democratic Party seems to favor this type of private sector labor support legislation. As well, the politicians could cause a reevaluation of the role of the public employee--his job, his compensation, his rights to organize. This reevaluation could include the military employee as well--his role, his job, his total compensation, and even his rights to organize. The public service employee--the government worker--has already made considerable progress.

In the Public Sector

Each employee of the executive branch of the Federal Government has the right, freely and without fear of penalty or reprisal, to form, join, and assist a labor organization or to refrain from such activity.--Richard M. Nixon, 1971²⁰

The history of government employee unions can be traced to the organization of semi-skilled and skilled workers in the Navy shipyards in the early 1800's. In 1807, workers at the Navy yard in Portland, Maine, complained about the low wages they were forced to accept. This earliest protest was poorly organized and many of the workers who protested were fired. In 1825 and 1826, Navy yard workers at Washington, D.C. and Philadelphia organized and struck for agreement to a 10-hour work day. The strike itself lasted for several weeks and would have been unsuccessful had not the workers taken their grievance directly to the President of the United States. President Jackson approved the 10-hour day for the Navy yard workers, and in 1840 President Van Buren established the 10-hour work day for all federal employees.²¹

As the century progressed, sporadic attempts were made to organize in other parts of the Federal service. The workers of the Government Printing Office unionized in the 1860's. In 1889 the National Association of Letter Carriers was established; several other postal unions were also formed during this period.

The postal organizations soon became quite aggressive. Their strategy centered upon attempts to gain the attention of the Congress, and it was due to the Congressional response that the initially passive opposition of the Executive Branch became more active opposition. The tactics of the postal employees consisted mainly of a letter-writing campaign, which in 1895, prompted Postmaster General Wilson to initiate the first hostile governmental action. This opposition, in the form of a "gag order," forbade postal employees from openly influencing the Congress, under penalty of dismissal from the service. The theme was reinforced and expanded by President Theodore Roosevelt in two separate Executive Orders issued in 1902 and 1906. His intent--to deprive government employees of their right to petition Congress--was quite explicit:

All officers and employees of the United States . . . are hereby forbidden either directly or through association, to solicit an increase in their pay or . . . attempt to influence . . . any other legislation whatever either before Congress or its committees . . . on penalty of dismissal from the Government Service.²²

President Taft carried the restriction even further with his own "gag rule" in 1909, prohibiting Federal employees from replying to any request for information from either

branch of Congress, or any member of Congress, except as authorized by the head of his department. But, with this Order, President Taft had gone too far. Postal workers were not only deprived of the right to communicate with their elected officials, but by prohibiting them from answering Congressional inquiries, the President had interfered with the investigative rights of elected representatives.

Congressional displeasure found expression in the Lloyd-LaFollette Act of 1912, which was the first significant legislation to address Federal labor-management relations. This Act guaranteed government workers the right to join unions, and struck down President Taft's "gag order" by removing restrictions on the access of Federal employees to Congress. Further, it granted unions the right to petition the government in pursuit of organizational goals. Congress did not make the law a one-way proposition, however; employees were only permitted to join organizations which did not impose

. . . an obligation or duty upon them to engage in any strike or proposing to assist them in any strike against the United States . . .²³

This non-strike clause still applied to government workers in 1976.

Five years after passage of this Act, the National Federation of Government Employees was formed under charter of the American Federation of Labor, and the trend toward unionization of government employees in general had begun. The American Federation of Government Employees (AFGE) was

formed in 1932, also under the AFL.²⁴

The mood of the federal government during this period was conducive to public employee membership, as evidenced by passage of the Wagner Act in 1935 protecting such memberships, but strongly against the right of such employees to strike. President Franklin D. Roosevelt's remarks in 1937 clearly illustrate the government's attitude:

All Government employees should realize that the process of collective bargaining, as usually understood, cannot be transplanted into the public service. It has distinct and insurmountable limitations when applied to public personnel management. The very nature and purposes of government make it impossible for administrative officials to represent fully or to bind the employer in mutual discussions with government employee organizations. The employer is the whole people, who speak by means of laws enacted by their representatives in Congress. Accordingly, administrative officials and employees alike are governed and guided, and in many cases restricted, by laws which establish policies, procedures, or rules in personnel matters.²⁵

The Taft-Hartley Act of 1947 reaffirmed the Lloyd-LaFollette Act regarding the no-strike provisions, stating:

It shall be unlawful for any individual employee of the United States or any agency thereof, including wholly owned government corporations to participate in any strike. Any individual who strikes shall be discharged and shall forfeit his Civil Service status if any and shall not be eligible for re-employment for three years in any such agency.²⁶

Despite these legal actions, government unionism remained a debatable issue. President Truman spoke out in the late 1940's against government employees being given all the rights of private unions. In the 1950's, President Eisenhower argued against strikes by governmental workers,

and also criticized federal employees for lobbying for higher pay during the same period.

The federal government increased its involvement in labor problems following the Taft-Hartley Act, but did so only in reaction to employee demands. Following militant union demands in the early 1950's, Public Law 84-330 was enacted, making a strike against the Federal Government a felony, punishable by fine, imprisonment, or both. During this period union memberships increased dramatically. By 1961 the Post Office Department claimed 90% of its employees were union members. Over 33% of all federal employees claimed membership in some union.

On 17 January 1962 President John F. Kennedy issued Executive Order 10988, "Employee-Management Cooperation in the Federal Service," an effort to establish a modern system of labor-management regulation within the federal service. It recognized informal, formal, and exclusive unions in the Federal sector, authorized negotiated grievance procedures, and specified that management and supervisory personnel were not to be included in bargaining units; also, it created the Office of Labor-Management Relations. This Order was a radical departure in the attitude of a President toward union organization within the Federal sector. As such, it became the foundation not only for comprehensive labor-management relations, but also for unprecedented union growth. Membership in Federal unions grew by over 100%

during the 1960's, while unions in the private sector grew only by about 6%.²⁷

While Executive Order 10988 encouraged Federal employee unionization, union leaders felt it needed improvement, particularly in the area of dispute settlement. In October 1969, President Nixon responded to the union dissatisfaction when he signed Executive Order 11491. It changed the previous Order significantly and remained, with some minor amendments, the basic policy under which Federal employees participated in collective bargaining agreements. The more significant changes included:

1. Formation of a Federal Labor Relations Council to administer the program,
2. Formation of a Federal Service Impasse Panel, with authority to resolve impasse situations in the collective bargaining negotiations,
3. Designation of an Assistant Secretary of Labor for Labor-Management Relations,
4. Elimination of the formal and informal union's recognition status. Recognition was to be exclusive (i.e., there was to be only one local union) based upon the election results of a majority of the employees concerned,
5. Permission for employees to join or withdraw from union membership as desired, and voluntary payment of dues,
6. Prohibition of any Federal agency involved (e.g., Department of Defense) to disapprove negotiated contracts

for desirability reasons; disapproval was to be based upon law, policy, or regulation.²⁸

Under Executive Order 11491, unions could be recognized as the exclusive bargaining representative of the given unit, if, and only if, that union won representation rights by a secret ballot election. This recognition then entitled that union only to represent all employees in the unit (members and nonmembers) for bargaining and other purposes. By 1975, such unions represented 1,100,000 non-postal federal workers--some 56%--in exclusive bargaining units. This figure was then one-half of the white collar federal work force and nearly all of the blue collar work force. Collective bargaining agreements had been negotiated and were in force for approximately 86% of these workers.²⁹

Although this Order corrected many of the problems, it enjoyed a short honeymoon with union officials. The Post Office strike, the first major strike by Federal employees, began soon thereafter, in March 1970. Some 200,000 federal postal workers demonstrated their militancy and frustrations; pleas and threats of jail failed to stop the strike. The Department of Defense was called upon to help move the mail. The strike, as viewed by labor, was an unqualified success; it forced the federal government to bargain wages with unions whose members were not only prohibited from striking, but also whose compensation was set by Congress. It disclosed the unenforceability of Public Law 84-330, which made strikes a felony, when that law was challenged by mass

action. It resulted in the enactment of Public Law 375, which removed the Post Office from the Executive Department, placed it under the direct control of Congress, and established it as an independent agency with its employees under the provisions of the Wagner Act, thus establishing for them the rights and responsibilities for collective bargaining between unions and management as in the private sector. Although this Law applied only to postal service employees, it established a statutory basis for collective bargaining in the Federal employment sector, with only one exception: the right to strike was replaced by binding arbitration.³⁰

One other significant aspect of the union movement in the Federal sector during this period involved the definition of "employees" as noted in Executive Order 11491. The definition was not precise, and was construed by the Assistant Secretary of Labor for Labor-Management Relations to exclude military personnel, but there was no definite clarification to this point.³¹ The definition remained in doubt through 1976.

Another union development was the passage of the Air National Guard Technicians Act. Until 1969, National Guard technicians worked under unique employment provisions. They served full time as civilian and military professional technicians with the Air National Guard units, and were therefore employed by the states. However, they were paid by Congressional appropriation through the Air National Guard Bureau. They were therefore governed by laws of both

the individual states and the Federal government, while being subject to the rules and regulations of the U.S. armed forces. A confusing and conflicting situation, it created a pressure for corrective legislation to centralize directives and make the technicians responsible to only one entity. As it was, the Federal government considered them state employees and the state governments considered them Federal employees. The Air National Guard Technicians Act, made effective 1 January 1969, resolved the conflict by declaring them to be Federal employees to be paid via Civil Service pay scales, and eligible for the Federal retirement program and for fringe benefits. But by doing so, the Congress also enabled them to unionize under the provisions of the then-applicable Executive Order 10988. By 1973, some 60% of these technicians were represented by labor organizations in government. As a result, the Federal government now had unionized employees who were functioning in military positions, under military regulations, and with military authority. A clear precedent for union organization of military personnel had been established.

By the end of 1976, the federal employees unions were well established, by Executive Order if not by Public Law, and had operated very effectively in the Federal sector. There was precedent for the establishment of unions among military personnel, with the Air National Guard Technicians Act mentioned above. The growth of membership in unions, among government employees, had been extraordinary, both in

percentage (over 50% of the civilian employees were union members, with 90% being represented by these unions) and in absolute numbers (1,100,000 members in the federal government, of a total of 2,117,000 civilian employees). This excluded the 679,000 Postal Service employees, over 90% of whom were unionized. Those employees who were union members paid dues and were organized along the traditional line (i.e., had a shop steward, a chief steward, a local chapter with its President, a regional Vice-President, and a national President). Further, the memberships usually excluded the supervisor level (but not always), had established grievance procedures, engaged in negotiation for contractual agreements, surveyed locally to determine appropriate wages and economic matters in negotiation, and could represent all such Federal employees to Congress on economic matters.³³ As well, they were politically active, and becoming increasingly so, having publicly announced their support of the Democratic nominee Jimmy Carter for President, and having urged all Federal employees (their constituency) to vote Democratic in the November 1976 election.

Government employee unions were growing, rapidly, and were approaching that size beyond which they could exert considerable political and financial muscle. Glenn Watts, President of the Communications Workers of America, mentioned in 1976 that 750,000 seemed a pivotal membership size; above that, a union had much more ability to influence politically and financially.³⁴ Federal employee unions were approaching

that total and might easily exceed it with military membership. Some of the unions were aligned under the AFL-CIO and Mr. George Meany's leadership. Pay scales and benefits had increased significantly over the last 10 years, and the trend was up.

In addition, some older predictions were becoming realities. In 1970 Professor E. Wight Bakke, of Yale University, spoke of the emerging status of public service unionism and predicted that:

Unionization in the public sector is going to increase rapidly and extensively.

Union action in the foreseeable future is going to be militant.

The achievement of collective power is going to become the major objective of union leaders for a considerable period.

The combination of political and economic bargaining strategies and tactics will disturb for some time the pattern of collective bargaining between public management and public employee unions and associations.

The civil service concept of personnel policy and arrangements is going to suffer and be severely modified.

The public is going to pay a big price for what public employees gain.

Despite this, nothing is going to stop the introduction of and spread of collective bargaining in the public sector.³⁵

The predictions seemed all the more relevant in their evolutionary scope, that once the private sector unionized, the public sector unionized. The private sector unionized first at the local levels and spread nationally. The public sector unions seem the most organized and effective at the local levels as well. The latest groups to organize for collective bargaining efforts, and even to strike, had been

the police. As the federal civilian employees continue to unionize, it is conceivable that the federal military might unionize also.

The next section addresses the military union status in Europe, since its total union movement has evolved much as in the United States.

European Military Unions

The all-volunteer U.S. military ultimately will be unionized as military forces have been in several European countries. Eventually . . . there will be military unions in all democratic countries, largely because of changing discipline standards throughout society. -- Major Johannes W. C. Van Ginkel, Dutch Army, 1976³⁶

Professor Bakke's predictions were quickly approaching a reality in the many socialized governmental systems in Europe. By 1976 military unions already existed in several foreign countries, in and out of the North Atlantic Treaty Organization (NATO) alliance. The Netherlands military union (VVDM), for example, had become notorious for its long-haired members, and its casual, liberal treatment of military affairs.³⁷ Not so well known was the fact that pay for them had increased 1200%. Also not so well known were the several other unions in the foreign armed forces: their status, their history, their impact upon the military and upon their governmental employer, and their future.

The military unions in Europe had become widespread and highly developed. The eight countries of Sweden, Norway, Finland, Belgium, West Germany, Austria, Denmark, and Holland had over sixty separate soldier unions. Only in Britain and France had union efforts not been successful. Austria

had 16 unions, Holland 12, Norway 17, and Denmark over 25 officially recognized military unions.³⁸ The largest organization was in West Germany. The Federal Armed Forces Association (Deutschen Bundeswehr Verband or DBV) had 200,000 members; or nearly 50% of the total armed forces and 80% of the career force.³⁹ (The other major German military union was the Public Transport and Traffic Union, or OTV; this was actually a civilian union, similar to the U.S. Teamsters Union, with about 2,000 German military members.)⁴⁰

Whether these military employee organizations were unions or associations was unclear. In many ways they had the traditional characteristics and powers of regular trade unions, at least of public employee unions. The form of government and respective treatment of unions varied considerably from country to country, as each country has a system unique to itself, and certainly different from the United States.⁴¹ For example, full collective bargaining rights, local grievance procedures, and other formal powers were widely enjoyed, especially in the Scandinavian countries. Swedish service people even had the right to strike. In most European countries, one union or association represented all public employees including the military. In some cases, though, these organizations lacked union powers and played only an advisory role, as in Holland, Germany, and Belgium. The extent of these consultative powers varied widely, but generally they fell short of formal collective bargaining.

In general, all these unions and quasi-union organizations, even the most limited, had full government recognition and had acquired a major voice in employee policy, especially in matters of compensation and promotion. When changes in personnel policy or service conditions were contemplated by the governments, the military unions were given an advisory role in the decision-making process. In every instance the power of these organizations was reported to surpass that of the military associations (e.g., Association of the United States Army) which existed in the United States.⁴²

Many of these unions, especially the most powerful, were affiliated with large public employee federations, which spoke on behalf of the military organizations in wage negotiations and could mobilize their considerable resources to back any military demands. In the Scandinavian countries nearly all military unions were already affiliated with large civilian federations and were able to draw on the substantial political clout of these groups to back their demands. Despite their relatively small membership, the military associations often wielded considerable influence within the central union organizations. Perhaps because of their avowed political neutrality, these groups had come to play the role of broker between the larger competing unions within the civilian federations.

Not only did the military unions already enjoy considerable consultative and bargaining rights, but these powers were expanding. Throughout Europe the power and

official stature of military union organizations was increasing. The European unions generally enjoyed very cordial relationships with military and government authorities in 1976 and demonstrated important influence in the determination of some armed forces policy. As noted in several interviews with foreign military officers, these military unions were an established part of modern society, a natural evolution to the organized labor movement world-wide, an unqualified success in their appeal and effect upon military interests, and an indispensable component of the military and the labor union scene in the respective societies. With their cordial relationships these unions were able to achieve their desired goals.

The goals of the European unions generally focused on a very specific and uniform set of demands. In strikingly similar terms, all confined their activities to matters of compensation and the conditions of service, and avoided involvement in larger political issues. Assertions of support for national defense and military efficiency characterized the program of practically every union, including the draftee organizations. The Norwegian unions, for example, proclaimed a characteristic desire to support defense and to care for their members' personal needs. The German DBV defined its purpose as representing the soldier's personal, social, and professional interests, with the goals of improving defense willingness, integrating the armed forces into society, and gaining equity in compensation;

the OTV in comparison was more demanding in pay raises, benefits, other economic matters.⁴³ Similarly, Belgium military unionists declared their intention to achieve the same status and rights as other civil servants (within the same ministry), and to improve the quality of the military profession.⁴⁴

The specific demands reflected a basic economic and professional orientation. Higher compensation was an essential question for every union. In Belgium, where military pay was quite low, the wage issue took on a special significance; the demand for equity with the civil servants was paramount. Since the civil servant could hold two jobs while the military serviceman could not, the military requested a higher pay level to compensate for the "inequity."⁴⁵ In Germany, pay requests centered on ending discrepancies between equivalent military and public servant positions, and on cost-of-living adjustments; these adjustments were based on economic growth in Germany's Gross National Product, and growth in civilian labor cost. In the Scandinavian countries, where military pay was relatively high, union policies attempted to defend wage levels against inflation. A related issue for many unions was the demand for regulated work time and compensation for overtime. In every country military unions were seeking or had obtained a 40-hour work week with overtime compensation (either time or money). In some countries, such as Belgium, these standards were already in effect for NCOs by 1976, and unions were simply demanding

their enforcement. In other cases, such as Holland, unions continued to wage a long and bitter struggle for these rights but had not reached their objective. The unions also raised demands about service conditions and professional standards. An increasing number of organizations, including the OTV in Germany, and most of the unions in Sweden and Denmark, were seeking occupational safety standards and requesting greater employee participation in the monitoring of health conditions on the job. In addition, many were demanding improved dining and housing facilities, and better recreation and welfare services. In terms of professional standards, nearly every union sought uniform promotion procedures, improved training and educational facilities.⁴⁶

The public employee organizations in Europe had achieved much success, and continued to make a positive impact.

Generally, the wage packages being received, while somewhat tempered by economic recession, are fairly generous; certainly they are higher than the meager increases being proposed for U.S. public workers. -- Mr. David Cortright's Report to AFGE on Military Unions of Europe, 1976⁴⁷

For the European military man, the rate of wage gain exceeded that of the volunteer serviceman in the United States. In Sweden, the officers' unions had achieved a 50% pay increase since 1971. In Denmark, the pay contract resulted in a 6% pay boost, over and above the regular cost-of-living increases. In Norway, the unions in 1976 won a 6.8% wage boost, linked to tax and price reductions.⁴⁸

While most military union members were careerists, conscripts were also represented. Some unions represented primarily the draftee constituencies, which made the results even more dramatic. The VVDM in Holland accrued a long record of stunning changes in its brief 10-year history. These included: free hair length, optional saluting, the easing of discipline, an end to unnecessary inspections, and that 1200% pay increase. The Swedish conscripts with less than 10 years experience had a similar record of accomplishment, including the free hair length, higher separation bonuses, open barracks, and the right to elect their own representatives. For all such military organizations, professional and draftee, unionization apparently resulted in major improvements in the economic lot of the serviceman, and initiated programs of democratization and modernization.⁴⁰

That has been a summary of foreign military unions through 1976. Much more specific study of these unions was reported, but is felt not pertinent in its details to the purpose of this paper. Suffice to say that military unions do exist in the various forms of military service systems, as part of the various forms of government and economies, with a recognized function in these societies, and with some expectedly similar results: higher pay, better work schedules, increases in benefits, and collective bargaining strength.

U.S. Military Unions

The idea of collective action, grievance redress, or even strike, has a history within the American military as well.

A striking and troublesome feature of the colonial militia was its unprofessional practice of electing its own officers -- Daniel J. Boorstin, writing on The Americans; The Colonial Experience ⁵⁰

Even back in 1782,

Mutinous soldiers in control of the powder magazines and public offices at the seat of the Continental Congress in Philadelphia, threatened to use force to get their wages -- ⁵¹

In more recent times, too, precedent exists for the establishment of American military unions. As mentioned earlier, the Air National Guard Technicians unionized in 1969. An unsuccessful attempt to unionize in the 1970's was made by the Federation of Commissioned Uniformed Servicemen (FOCUS), allegedly formed to represent officers of the full military establishment. It was forced to disband due to a lack of membership and financial support.⁵² Another, the Union of United States Military Physicians (UUSMP), was formed by a Medical Corps officer in 1975, and forced to disband due to lack of management, resources, and interest, in early 1976. At least one researcher felt its demise was due in large part to its lack of affiliation with a national organization.⁵³ Then, too, there was the even more recent attempt, in 1976, by Army soldiers to organize under the AFGE banner at Fort Riley, Kansas; this local, small, and rather impromptu organization was not officially recognized

as such by the national office of the AFGE, and had little success as a result.⁵⁴ The efforts to unionize U.S. military did provide literature with which the legal, economic, social, and political aspects could be addressed.

The question is repeatedly asked, do military personnel have the right to join unions? Yes. And, No. The answer is yes, with the acceptance that the putative right of servicemen to join a military union rests upon the guarantees of the Bill of Rights (First Amendment to the United States Constitution), to "assemble, and to petition the government for redress of grievances." It could be well settled legally that the guarantees of the Bill of Rights apply to servicemen as well as to civilians and might only be limited to the extent that it is absolutely necessary to fulfill a vital governmental interest.⁵⁵ The answer is no, with the argument that Congress by the Constitution has the responsibility "To make Rules for the Government and Regulation of the land and naval forces; . . . To provide for organizing, arming, and disciplining, the Militia, and for governing such Part of them as may be employed in the Service of the United States . . . To make all laws which shall be necessary and proper for carrying into execution the foregoing powers . . ."⁵⁶

Senator Strom Thurmond introduced legislation in 1976 to clarify this issue, by asking that Congress prohibit unions in the military. The bill was not acted upon in the 94th Congress, but Senator Thurmond has stated his intention

to re-introduce the bill in the next session. His purpose was not to necessarily exercise or prohibit some Constitutional right, but rather to provide "a bill for a sound and responsive defense force for our country." He felt unionization would undermine this.⁵⁷

More has been written on the legality of military unionism in the United States, as attested to by the bibliography. For purposes of this paper, the matter is summarized as follows: (1) Servicemen apparently have a Constitutional right to join unions, or not to join them, (2) Such unions may not strike, (3) Military commanders are prohibited from recognizing or bargaining with a serviceman's union, by DOD Directive 1360.5, and (4) Unions have a right to solicit military membership.⁵⁸

These matters are not absolute, as court case rulings and Constitutional interpretations continue to update and clarify the legal positions. The ongoing 1976 attempts by the AFGE or by other unions to organize the military could result in a challenge regarding legality, which would further clarify, perhaps finally, the law. As another example of clarification of issues, the issue of the right to strike, by federal postal workers, was hotly debated in a legislative bill introduced in 1975.⁵⁹ While not directly related to the military (and in fact the measure was not passed, by a close vote), it would have established a precedent for federal employees' right to strike. Even such a thought would have been near treason just 10 years ago.

Another point of discussion concerned the status of military as government employees (and hence to be included in the provisions of Executive Order 11491 mentioned earlier, with its respective privileges). For purposes of clarity on the issue, the military were defined in Chapter I as "uniformed men and women, officers and enlisted, of the active and reserve components of the armed forces, as organized under the Executive Branch of the federal government," with the understanding that they were distinct from government employees as noted in that Order.

Another argument proposed that military members were in fact an entity apart from the normal society envisioned as protected under the Bill of Rights and hence not given the right to "assemble, and to petition the government for a redress of grievances," (i.e., join unions, and engage in collective bargaining and grievance procedures).⁶⁰ These and others were addressed in detail in the bibliographic literature, especially the working paper of the Judge Advocate of the Department of the Army.

From the other side in answering the question, "can the unions organize the military?", there were two factors to consider. One, the union's Constitution must allow it; this the AFGE, for example, accomplished in September 1976 by amending their Constitution at a national convention, to allow military members.⁶¹ Two, the government might have to authorize the unions to organize the military, via some amendment to Executive Order 11491; for purposes of clear

understanding, the unions might desire to request such an amendment as a legal safeguard (e.g., to verify that military are in fact government employees, for union matters).⁶²

Beyond such legalities lies a fundamental change in the motivational basis by which people elect to join the military, and by which they might elect to join a union. A union official expressed it more succinctly:

It is a volunteer Army and that means people are selecting a military career as a means of livelihood and not for patriotic reasons. Servicemen today aren't responding to an attack on the country. They want to be paid. -- Leo Pellarzi, General Counsel, American Federation of Government Employees⁶³

With the advent of the All-Volunteer Force, the United States moved from a duty-oriented to an economics-oriented military force. The abolition of the draft severely weakened the concept of military service as a patriotic duty; rather, the government decided to actively compete in the labor market for its defense manpower. It rightly had to compete on common ground: pay, fringe benefits, technical training, advanced education, travel, paid vacations. The Executive Branch and the Congress apparently realized this, and decided--in the face of the significant cost increases--to embark on the program.⁶⁴ As time passed from 1972 through 1976, the serviceman perceived a steady, rather arbitrary erosion of these economic factors. The traditional paternalism by Congress seemed on the wane; pay raises did not keep up with inflation, benefits were being dropped, changed, or at least carefully scrutinized, promotions and travel funds

were slowed, and the increasing percentage of personnel costs in the Defense budget came under increasing pressure for reduction. New programs threatened the traditional retirement systems and promotion systems; the Defense Officer Personnel Management Act (DOPMA) and the Retirement Modernization Act (RMA), among others, represented a continuation of this perception to the serviceman. Figure II-5 represents a summary of the military pay and benefits cuts since 1972, as reported by Navy Times.⁶⁵

Military Pay, Benefit Cuts

Reductions Since Fiscal Year 1973

| DATE | ITEM | SPONSOR | IMPACT |
|---------|---|--------------|--|
| FY 73 | Champus benefits | OSD | Eliminated certain previously provided care, orthodontics, etc. |
| Jan 73 | Shipment of foreign POVs | Congress | Eliminated entitlement increase \$400-600 cost per vehicle to member |
| Nov 73 | USAFI | Congress | Program eliminated. Member cost \$50. |
| FY 74 | Reduced medical support | OSD/Services | Increased medical cost to member. |
| June 74 | Savings Deposit Program | | (Champus) Eliminated (loss of 10% interest source). |
| July 74 | Regular Re-Enlistment Bonus | OSD/Congress | Up to \$2000 loss to some members. |
| Oct 74 | ADCOP Program | Congress | Eliminated. Must obtain education during off-duty hours |
| Dec 74 | Lump-Sum Re-Enlistment Bonus | OMB | Lump-sum payment eliminated. \$5000 bonus equates to \$3790 over 6 years with inflation. |
| Jan 75 | Travel pay on re-enlistment | Congress | Lost for immediate re-enlistment. Average \$110 per member. |
| July 75 | Shortage Specialty Pay | Congress | Pro-pay eliminated for most NECs. |
| FY 75 | SRB Program | OSD | Skills reduced from 80 to 46 |
| Oct 75 | 5% pay cap | OMB | Loss of purchasing power (raise less than inflation and the recommended 8 + %). |
| 1976 | Leave payments on re-enlistment or termination of service | OSD/Congress | Limit to 60 days in career and loss of allowance entitlements. |
| 1976 | Disability retirement tax exemption | Congress | Reduces retired pay for some members. |
| 1976 | Pay raise reallocation | OSD/OMB | Reduction in future retirement base. 1.2% in 1976. |
| 1976 | 1% kicker to CPI retired pay adjustment | OSD/OMB | Eliminated. Retiree back in situation that justified legislation in 1969. |
| 1976 | Reduced pay raise (4.83%) | OMB | Pay raise adjustment mechanism changed, which reduced pay raise from 8 + % level. |
| 1976 | Champus — Reimburse on 75th percentile rather than 90th | | Increased cost to patient. Doctors refuse to participate. |
| 1977 | GI Bill | Congress | Current program terminated. New program contributory. |

Figure II-5

Figure II-5 (Continued)

Reductions Under Consideration

| | | | |
|-------------|--|------------------|--|
| 75/76/77 | Commissary subsidy | OMB/OSD | Increased food budget — active/retired members. |
| 74/75/76/77 | Retirement program RMA/pay raise reallocation (Rep. Aspin) | OSD/OMB/Congress | Reduction in retired standard of living expectation. |
| 74/75/76/77 | Pay caps | OMB | Further purchasing power reduction. |
| 77 | Salary system | OMB/Congress | Perceived pay and benefit reduction based on past OSD. |
| 77 | Sales and excise taxes on PX/commissary sales | ACIR | Monetary loss to members. |
| 77 | Further reduction in medical support | OSD | Increased medical cost to member. |

THE LOSSES in military pay and benefits — actual and predicted — have been the subject of numerous reports by the services and military associations. The rundown above, though not released, has been circulated in the Pentagon. Some of the abbreviations mentioned are: USAFI, U.S. Armed Forces Institute, a correspondence study program; SRB, Selective Re-Enlistment Bonus program for critical skills; RMA, Retirement Modernization Act, the DoD plan for overhauling the retired pay system; OSD, the Office of the Secretary of Defense; OMB, the Office of Management and Budget in the White House; ACIR, the Advisory Commission on Intergovernmental Relations. The column titled "sponsor" refers to the organization or organizations that made the cut in question.

Figure II-6 represents the serviceman's perception of the problem, according to the Navy Times, and his course of action to offset the increasing losses to his economic condition: have a union.

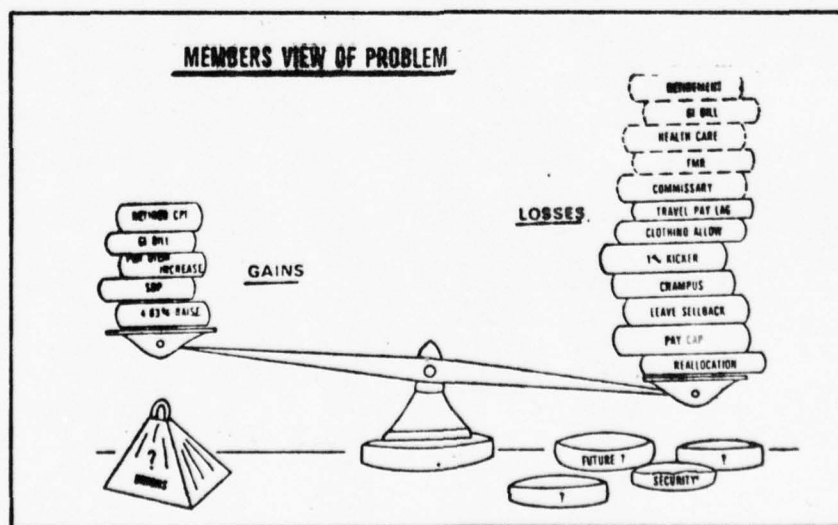


Figure II-6

Perception, either real or contrived, impacts significantly on a serviceman's attitude toward his military affairs. A psychological investigation of attitude toward joining a union was beyond the scope of this paper, but there were some reported social aspects to the matter of union membership which should be addressed.

* With the All-Volunteer Force concept, appeal was re-oriented from enlistment of the patriot to procurement of the rational-economic man. Then, once the government had this individual, it desired to change him back to a patriotism-motivated person. Further, it wanted to procure more of these patriots on a volunteer basis, with different motivators. Note the theme of the 1976 recruiting advertisements; Country, Duty, where previously it had emphasized Travel, Pay, Glamour. By some reports the serviceman felt cheated.⁶⁶

* The social status given the military by society seemed diminished: news reports of cost overruns, liberal grooming standards and lax discipline, poor quality achievements in recruiting, all seemed to undermine morale and make the service life less attractive.⁶⁷

* Unions as a social group maintained their natural appeal to the serviceman for friendship, for fulfillment of his ego-centric needs, and for collective strength against the authority figure.

regardless of any perceived relative deprivation of benefits.⁶⁸

* Intertwined with the natural motives of union membership remained the almost universal desire of workers, including servicemen, to tell the boss "to go to hell."⁶⁹ Unions provided the platform.

* The notion that the superior must be paid more than the subordinate was lost long ago in the evolution of the union movement and the age of specialized labor; the private sector had countless examples of subordinates earning more than the supervisor. It was natural that a subordinate (enlisted person) might want to receive more pay than his superior (NCO or officer), and might be able to, with union support.⁷⁰

It is probable that this issue of military unionization will encounter much more discussion--approval and/or condemnation--in 1977 than it did in 1976. Since 1976 was an election year, the subjects of military unions, the all-volunteer military, and the possible return of the military draft were all largely avoided, as they were politically unpopular. Considering the principals involved, this may be understandable. These include:

| | |
|--------------------|--|
| Judicial Branch | The Supreme Court (to clarify the law) |
| Legislative Branch | The Congress (to make or repeal the law; to govern the military; to appropriate funds) |

Executive Branch

The President (as Commander-in Chief)

The numerous segments with some interest in the issue:

Secretary of Defense

Military Associations

Civilian Associations

Civilian work force

Military work force-at-large

Service Chiefs

Officers of each Service

NCOs of each Service

Enlisted men of each Service

The Judicial Branch could become deeply embroiled in the union discussion, as it may be called to decide the legality of military unionization. With the two Constitutional bases mentioned earlier as foundation for arguments pro and con, it seems quite possible the matter would ultimately be decided by the Supreme Court.

The Legislative Branch of the federal government--the Congress--has become directly involved in the military union movement with its own proposal to prohibit such unions. Since the Congress has the authority to make or repeal laws, to govern the military, and also to appropriate funds for defense, its consideration of the union movement could have profound impact. Though Senator Thurmond approached it on the basis of national security, with some 30 other legislators supporting his bill in 1976 to ban military unions, the proposal never reached the floor of either House or Senate. If it does in 1977, it might assume an international importance. The matter of NATO defense, in fact the entire NATO strategy, could be influenced by it, as many

allied militaries are already unionized. Could America deny to its servicemen a right enjoyed by its allies? Likewise, the pressure for federal budget cuts often focuses--due to lack of flexibility in other areas--on the Defense budget and specifically on the military personnel appropriations. The commitment by the nation to an All-Volunteer Force, and the political ramifications should voluntarism fail and conscription be reinstituted, could cause the political elements to want to continue the All-Volunteer program and still attempt to reduce personnel costs. Implementation of such decisions could cause other military problems: force reduction, manpower reduction, or pay caps and benefits reductions. How would this be received by the American people, and by its allies? The political influence to the national economy, primarily in the stimulus of Congressional appropriations, would impact upon this matter of military unions.

Under the Executive Branch are the Office of the President, the various Departments and Offices under the President (i.e., his Administration) and, of most importance to this paper, the Department of Defense. If the national economy prospered under the Carter Administration and unemployment abated, military recruiting might decrease as well, especially if not made more attractive to the civilian job alternatives. Military retention could suffer also as alternative demands for skilled manpower materialized in the

open labor market. Perceived status of the military--by the military--would have great impact here; to the serviceman, unions could represent a possible means of influencing the deteriorating status of the serviceman in a politically-influenced prospering economy.

Included within the Executive Branch are the civilian and military leadership of the Department of Defense. Within this military hierarchy this matter has intense political interest. Unionization could erode the traditional command authority (by having two authority figures, one the military boss, the other the union official or "shop steward"). It could challenge the chain of command relationship (for grievance redress via military or union channels), to include even the authority of the Secretary of Defense. It might lower morale among all ranks, especially the supervisor/officer (who might be required to "recognize" union representatives, and to negotiate with them). It could allow the disobedience of orders (by allowing an alternative: union negotiation or preemptive agreement (e.g., some form of a contract)). Unions such as AFGE have argued the reverse, that unions could have a positive influence on these local political aspects by allowing the commander to discuss matters only after such matters had been filtered through union officials, by requiring the military union representative to speak for all members on issues, thus getting a possibly more complete viewpoint of the matter than if attempted on an individual basis, and by allowing the

commander another effective channel of communications with subordinates. Subordinates as well might gain some political leverage while losing some individual freedoms. The unions themselves do not know what type organization they might attempt, or who their membership might be.

Servicemen already enjoy at least one form of representation to the Administration and even to Congress: the military associations, such as Association of the United States Army, Fleet Reserve Association, Marine Corps Association, and the like. Where do they fit in? Could they serve as an alternative to the union? Possibly. Senator Thurmond described them as the vehicle needed to harbor the unrest and frustration of the service people; he remarked they had good rapport with Congress and were significantly increasing their lobbying efforts.⁷¹ But they were not unions. Major Goodell in a study done in 1976 on Association of the United States Army (AUSA) concluded,

Unions represent collective bargaining for employee benefits and rights. AUSA advocates furtherance of an institution--the Army and national defense. It is, in this sense, a representative of management, not labor . . . As individual benefits are germane to the morale of the Army, they are addressed by AUSA, not strictly for the individual, but for the efficiency of the Army. -- 72

Captain Dean, USA, reported in a 1976 study of the Reserve Officers Association (ROA) that, like many, it was a lobby group supportive of many personnel matters in the military in the past, with good success, and that its current interests included the "prevention of military unions."⁷³

Both these officers indicated that associations were not unions--which was certainly true--but were in fact lobby groups for the military, and in that sense were competition to the unions. Other such associations voiced criticism of the union movement, and sent that message to their members and to Congress. Both unions and associations would stand to gain, in the monetary sense as well as in the membership sense, with the military in their ranks. The unions might have more leverage politically, in that formal recognition would be possible. Executive Orders and Public Laws would verify their status officially. At the end of 1976, the interested unions had the advantage over the associations in terms of organizational strength, financial ability, and political experience. Unions might thus provide greater economic advantage to the military as they had to their civilian memberships. As evidenced by the history and evolutionary nature of free societies toward unions, to include military unions, the economic benefits could be equally substantial.

CHAPTER III

THE ECONOMICS OF UNIONIZATION

The attainment of increased pay and wages or the achievement of salary equality has historically been a strong reason for the acceptance of unionization. One of the major factors in the growth has been the dissimilarity of pay scales between private sector employees and public employees. Although government employees generally enjoy greater job security than do their counterparts in the private domain, security is not all to which man aspires. Additional funds generally increase a man's ability to seek higher plateaus in his hierarchy of needs.⁷⁴

Historical Costs of Unionization

Private Sector Unions. Economic interests have historically formed a primary basis for union membership. Employees sought a medium through which they could deal with the management element to better their economic status. This was the situation since the inception of unions, and became a hallmark of union effectiveness. To cite recent statistics, witness that, in terms of wages, the wage advantage of the union member in America over the non-union member was 11% in 1967. This meant that, generally, the unions had helped their members by achieving for them, in 1967, wage rates 11% greater than the respective wage rates of non-unionized workers. By 1973, that advantage had spread to 14%; by 1975, the differential was 16%.⁷⁵ Such statistics included the effect of

inflation, acknowledging that most wages were rising anyway, regardless of union involvement. But unionized labor continued to enjoy advantage in wage increases regardless of this inflation. The Wall Street Journal reported that, for the 12 months preceding December 31, 1976, "American's wages and salaries rose 7.2% . . . Increases averaged 8.1% last year for workers belonging to unions, compared with a 6.8% increase for non-union workers."⁷⁶

Wages, of course, are not the only economic aspect of unionization. Fringe benefits have had a less direct, but certainly a tangible, effect on the economics of employment. As mentioned earlier, fringe benefits for the labor element of the economy increased significantly, to include paid vacations, sick leave, life and health insurance, pension plan contributions, legal assistance, and compensation for moving expenses. The trend of this cost, to the company's payroll, is up, both in dollars spent and in proportion to total employee compensation. Such costs in 1975 accounted for over 35% of the average employee's earnings.⁷⁷ Stated in other terms, the typical company paid out an average \$3984 per worker for annual supplements to wages and salaries in 1975. This was a 23% increase since 1973, and a 165% increase from the \$1052 paid per worker in 1965. According to the U.S. News and World Report, this was a key factor in labor negotiations, i.e., a key demand by the unions in contract bargaining.⁷⁸

With wages and fringe benefits, the third major economic aspect of unionization is job security. This has become a more

pressing demand by the unions, growing largely from labor's dissatisfaction with the 1973 economic recession. At first glance, this could seem to be a social interest rather than an economic one. But according to a Wall Street Journal article on 16 December 1976, many executives feared that, "the new job security drive will result in long-term higher costs and labor problems, even though it will have little short-term economic impact."⁷⁹ The Ford Motor Company settlement in 1976, with the United Auto Workers, resulted in a shorter work week without cutting pay, thus curbing layoffs and forcing additional hiring; this settlement attested to the influence of job security matters, as noted in the Journal article. Labor-management contract negotiations in 1977 are expected to follow the patterns established in 1976, namely wage increases, fringe benefit increases, and job security increases. Figure III-1, illustrates the history of wage settlements, in collective bargaining units, from 1970-1976.⁸⁰

| 35. Wage and benefit settlements in major collective bargaining units, 1970 to date [In percent] | | | | | | | | | | | | |
|---|---|------|------|------|------|------|-------------------|------|------|-------------------|------|------|
| Sector and measure | Source: Monthly Labor Review, U.S. Dept. of Labor | | | | | | | | | | | |
| | Annual average | | | | | | Quarterly average | | | | | |
| | 1970 | 1971 | 1972 | 1973 | 1974 | 1975 | 1975 | | | 1976 ^a | | |
| | | | | | | | II | III | IV | I | II | III |
| Wage and benefit settlements, all industries: | | | | | | | | | | | | |
| First-year settlements | 13.1 | 13.1 | 8.5 | 7.1 | 10.7 | 11.4 | 8.9 | 11.3 | 14.0 | 9.5 | 8.6 | 10.2 |
| Annual rate over life of contract | 9.1 | 8.8 | 7.4 | 6.1 | 7.8 | 8.1 | 7.3 | 8.7 | 8.7 | 7.6 | 6.8 | 7.3 |
| Wage rate settlements, all industries: | | | | | | | | | | | | |
| First-year settlements | 11.9 | 11.6 | 7.3 | 5.8 | 9.8 | 10.2 | 9.0 | 9.7 | 11.0 | 8.8 | 8.2 | 10.1 |
| Annual rate over life of contract | 8.9 | 8.1 | 6.4 | 5.1 | 7.3 | 7.8 | 7.8 | 7.9 | 8.0 | 7.4 | 6.6 | 7.3 |
| Manufacturing: | | | | | | | | | | | | |
| First-year settlements | 8.1 | 10.9 | 6.6 | 5.9 | 8.7 | 9.8 | 10.0 | 8.7 | 9.2 | 9.8 | 11.4 | 11.5 |
| Annual rate over life of contract | 6.0 | 7.3 | 5.6 | 4.9 | 6.1 | 8.0 | 8.3 | 7.9 | 7.1 | 7.4 | 7.6 | 7.6 |
| Nonmanufacturing (excluding construction): | | | | | | | | | | | | |
| First-year settlements | 14.2 | 12.2 | 8.2 | 6.0 | 10.2 | 11.9 | 9.8 | 11.3 | 12.1 | 8.2 | 7.6 | 8.1 |
| Annual rate over life of contract | 10.2 | 8.6 | 7.3 | 5.4 | 7.2 | 8.0 | 7.4 | 8.2 | 8.3 | 7.9 | 6.3 | 7.0 |
| Construction: | | | | | | | | | | | | |
| First-year settlements | 17.6 | 12.6 | 6.9 | 5.0 | 11.0 | 8.0 | 8.2 | 8.1 | 9.1 | 6.4 | 6.2 | 7.8 |
| Annual rate over life of contract | 14.9 | 10.8 | 6.0 | 5.1 | 9.6 | 7.5 | 7.7 | 7.4 | 9.4 | 6.2 | 6.2 | 6.9 |

Figure III-1

To private industry, the cumulative effect of these three economic factors in 1976 was an increase in personnel costs, which, when totaled and accounted for over the life of the various negotiated contracts, amounted to average first year cost increases of 8.82%, with an annual average cost increase of 7.1% over the life of the contracts. Such cost increases were also realized in the government services.

Public Sector (Federal Employee) Unions. As a starting point, it must be remembered that private sector unions enjoy the privilege of collective bargaining. Though some state, county, and municipal employees' unions now negotiate by this method, the federal employee segment is not so advantaged, with one significant exception, the Postal Service, which is discussed later in this section. By 1976, there were basically three systems for fixing federal government pay: legislative; executive (with or without reserved veto power by legislature); and, in one case, collective bargaining. In a sense, these follow the order of historical development, with each succeeding method presenting a greater degree of delegation of authority, an increased participation, and a lower order of control.⁸¹

Legislative pay setting (i.e., by the U.S. Congress or a state Congress) is the most traditional method, and is likely to provide the least frequent increases. It is the most remote and authoritarian system with responsibility in the collective control of elected officials (the President or a state governor). This method is the least responsive to labor

market forces and manpower requirements, and most responsive to budgetary control.

The executive action method is the result of delegation of authority from the legislature to an elected official. This delegation, which can be limited or complete, is usually the natural outgrowth of the ponderous and inefficient legislative pay fixing methods. Such executive pay fixing is likely to be more regular and frequent than that requiring legislative initiative (i.e., more responsive to labor considerations). The law delegating such authority might specify the frequency, criteria, and veto powers by the legislature. Executive actions are likely to be based upon the principle of "comparability" with the private sector or some broader measure of the market than cost-of-living changes.

The collective bargaining method in the public sector, like in the private sector, is the most volatile, the most democratic, and also the most responsive to the labor market. This method, involving unions and government officials, was very prevalent in state and local governments by 1976. The movement to this method was the result of the increase of employment in the public sector, the pressures for increased government services, the rising expectations of workers generally, and the increased unionization of public employment. Having lagged behind the private sector by almost one generation, the public sector accommodated this new sharing of power with some adverse reactions, especially the sharp rise in public service union strikes or walkouts by police, fire, sanitation, health, and education workers. Federal employees

were not involved in such activities, except for postal workers.

This collective bargaining method in the federal sector is best exemplified by the postal workers strike and ultimate settlement in 1970. The Postal Service Reorganization Act established the Postal Service as an independent entity within the Federal government, with unique labor-management relations; since 1970, wages increased 25% more than the pay of other white-collar federal employees (whose pay increased 34%).⁸² The average cost per employee, on a budgetary basis, was about \$16,000 per postal employee in 1976, versus about \$10,200 per military serviceman, and about \$14,900 per civilian federal employee in the other Departments (excluding retirement costs).⁸³ Postal Service employee wage rates rose an average 7+% per year from 1970-1976. Fringe benefits increased commensurately, linked to the same negotiated contracts. The 1975-1978 labor contract for the Postal Service allowed a \$600 annual raise automatically, with negotiations in 1977 to reconcile any union disagreements.⁸⁴

Although becoming increasingly unionized, most Federal employees in 1976 were still receiving compensation by the executive action method. In 1970, the most recent Federal Comparability Act was passed by Congress and signed by the President. This Act mandated annual review of classified pay as well as linkage of the uniformed military pay. The system does not ensure "comparability" with respective civilian employees for either the government employee or the military serviceman.

Also, it does not appear that it was meant to, or that it ever will ensure such comparability. Under this executive action method, the wage rates for federal employees increased 69% during the years 1970-76, largely the result of political pressures to establish the all-volunteer force, whose pay was linked to the federal civilian pay scale.⁸⁵ Inflation during that same period increased prices by about 50%, using the Consumer Price Index (CPI) as the basis. Figures III-2 and III-3 show this relationship. But wage increases did not keep pace with inflation during the latter years 1973-76, nor did they keep pace with private sector civilian pay scales, in accordance with the Pay Comparability Act of 1970. Union officials have expressed the need for an 8% wage increase to regain this "comparability."⁸⁶ They also began to seek support from the military whom they unofficially represented.

Percentage increases in general schedule and military pay scales

| General Schedule | | | Military | | | |
|------------------|------------------|--------|----------------|----------------------------------|--------|--|
| Effective date | Average increase | Type * | Effective date | Average increase—BP ^b | Type * | Average increase—BP, BAQ, BAS ^b |
| Oct. 11, 1962 | 5.5 | 2 | Oct. 1, 1963 | 14.2 ^c | 2 | 10.8 |
| Jan. 1, 1964 | 4.1 | 2 | Sept. 1, 1964 | 2.3 | 2 | 1.9 |
| July 1, 1964 | 4.2 | 2 | Sept. 1, 1965 | 10.4 | 2 | 8.3 |
| Oct. 1, 1965 | 3.6 | 1 | July 1, 1966 | 3.2 | 1 | 2.8 |
| July 1, 1966 | 2.9 | 1 | Oct. 1, 1967 | 5.6 | 1 | 5.2 |
| Oct. 1, 1967 | 4.5 | 1 | July 1, 1968 | 6.9 | 1 | 5.2 |
| July 1, 1968 | 4.9 | 2 | July 1, 1969 | 12.6 | 1 | 9.3 |
| July 1, 1969 | 9.1 | 2 | Jan. 1, 1970 | 8.1 | 1 | 6.6 |
| Dec. 27, 1969 | 6.0 | 1 | Jan. 1, 1971 | 7.9 | 1 | 6.8 |
| Jan. 1, 1971 | 6.0 | 1 | Nov. 14, 1971 | 11.6 | 2 | 14.2 |
| Jan. 1, 1972 | 5.5 | 1 | Jan. 1, 1972 | 7.2 | 1 | 5.4 |
| Oct. 1, 1972 | 5.1 | 1 | Oct. 1, 1972 | 6.7 | 1 | 6.0 |
| Oct. 1, 1973 | 4.8 | 1 | Oct. 1, 1973 | 6.2 | 1 | 7.3 |
| Oct. 1, 1974 | 5.5 | 1 | Oct. 1, 1974 | 5.5 | 1 | 5.5 |
| Oct. 1, 1975 | 5.0 | 1 | Oct. 1, 1975 | 5.0 | 1 | 5.0 |

* Type 1 increases are percentage across-the-board increases and type 2 are structural increases.

^b BP (basic pay); BAQ (basic allowance for quarters); BAS (basic allowance for subsistence).

^c Previous increase in basic pay was effective June 1, 1958.

Source: Defense Manpower Commission Report

Figure III-2

MILITARY PAY AND INFLATION

59

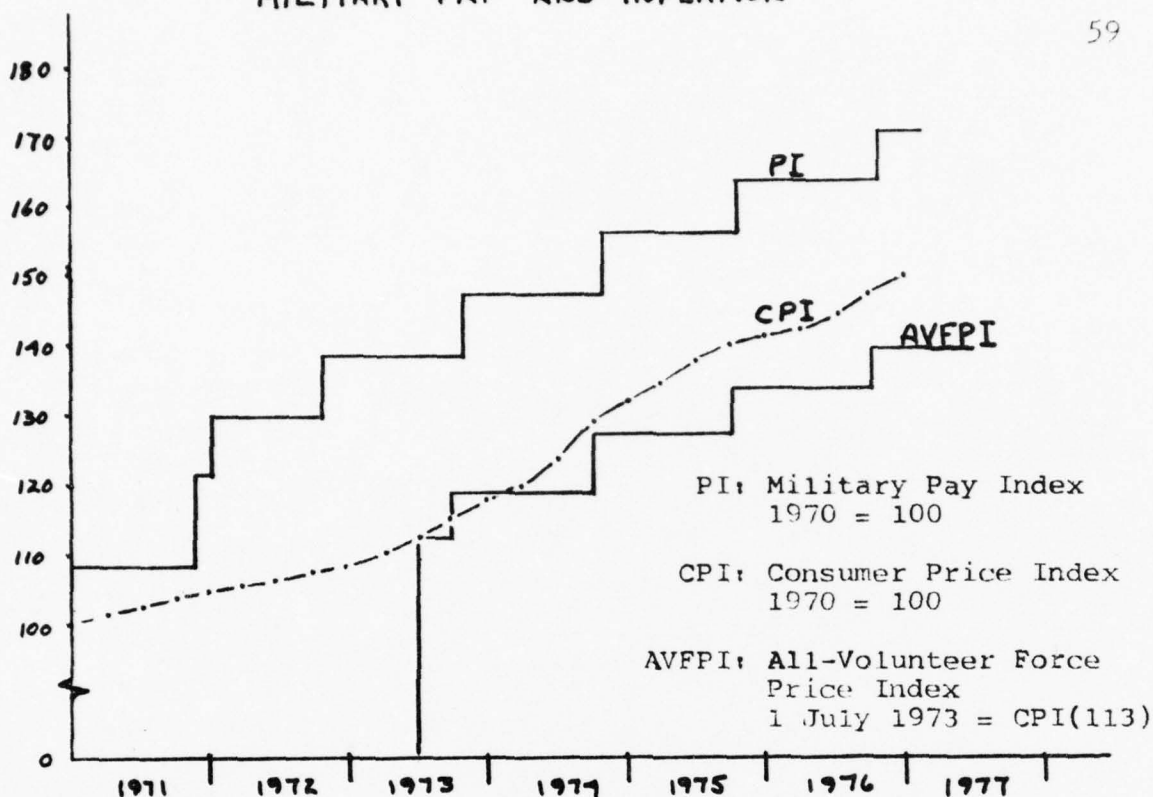


Figure III-3

Fringe benefits for federal employees rose significantly. In 1974 the average federal expenditure for civilian employee benefits was \$2358; by 1976 the average had risen to \$3648, much higher than in 1974 and higher than the average for private sector employees.⁸⁷ But the unions nevertheless were requesting more fringe benefits. The upward trend was likely to continue in 1977.

Job security became increasingly a concern of the federal employee, and of his union. Negotiated agreements between employee representatives and federal administration officials included increasingly more stringent provisions for hiring and firing, layoffs, transfers, grievance procedures, and advancements. These provisions increased total costs.

That it became increasingly more difficult to fire a federal employee was illustrated by the statistics: federal employment advanced slightly from a level of 2,371,000 in 1960 to 2,496,000 in 1965, and 2,848,000 in 1975, an increase of about 20%. Despite Administration pronouncements and programs to the contrary, federal employment grew 75,000 within the period 1973-76.⁸⁸ It could be inferred from these figures that job security remained positive during this period; further, since federal employee unions continued to grow, it could be inferred that the power of the unions was being realized.

This growth in public sector union size, power, and benefit was not surprising in light of past conditions within this sector. Underlying causes reported by the Committee for Economic Development, were:

1. Rapid expansion of employment led to higher salaries to attract labor from other sectors.
2. Increase in the number of professional and technical jobs in higher salary brackets.
3. The rapid unionization and increased economic and political strength of public employees.
4. The catch-up of pay--notably for federal employees and teachers--that had lagged behind the private sector.⁸⁹

Such wage, benefit, and job security increases were being realized by both local and federal government employees, as these labor elements became increasingly more unionized. The United States was not alone in the unionization of its public service employees; many European nations also dealt

with government employee unions. In some of the more socially-oriented European governments, unionization had evolved to include the military organizations. Here, the economic advantages of unions that accrued to the military were quite significant.

Foreign Military Unions. The unionized military forces of foreign countries obtained the following changes in pay and benefits, as reported by various sources in 1976. Figure III-4 is a summary of such statistics, from various sources.

These numbers illustrate that foreign military unions resulted in higher costs for the government, regardless of the change in the country's Gross National Product (GNP) and its defense budget. Further, they show that the compensation generally increased with or exceeded the rate of inflation, either via a percentage raise or a lump sum raise to all military (e.g., 100 krona per military member). The wage packages were fairly generous, "certainly higher than the meager increases being proposed for U.S. public workers," according to Mr. David Cortright, in his advisory report to the American Federation of Government Employees (AFGE) in 1976.⁹⁰

For purposes of summary, the average rate of wage and benefit increase was 16.5% compared to an inflation rate average of 11.4% for 1970-76, and 9% for the 12 months preceeding October 1976. This rate was also linked with, or ahead of, the wage rate increases for the labor element of the respective economies.

Figure 111-4
STATISTICS ON
FOREIGN MILITARY UNIONS

| Country | Compen- [*] sation ----- % Inc 1973- 1976 | Infla ⁹¹ - tion Rate ----- CPI % Inc 1973- 1976 | Infla ⁹² - tion Rate ----- CPI % Inc Oct 75- Oct 76 | Unit ⁹³ Labor Cost ----- % Inc Oct 75- Oct 76 | GNP ⁹⁴ Growth ----- % Avg Inc 1973- 1976 | Type Mili- tary Force (Volun- teer, Consc- ript | Remarks |
|----------------------------|---|---|---|--|---|--|---|
| | | | | | | | |
| Austria | 9.7% | 9.5% | 7.4% | 9.7% | 7.7% | Consc. | ⁹⁵ ⁹⁶ |
| Belgium | 10.0% | 13.0% | 8.8% | 11.9% | 6.8% | Both | Compensation adjusted monthly for infl. ⁹⁷ |
| Denmark | 13.7% | 13.0% | 7.7% | 12.3% | 3.6% | Both | Compensation linked direc- tly to infla- tion ^{98,99,100} |
| Finland | 10.2% (off.) | 21.3% | 14.2% | 17.5% | 7.8% | Both | Unique tax plan. Pur- chasing power has increased for lower ranks ^{101,102} |
| Holland | 20.0% (off.) 109.0% (EM) | 11.2% | 8.3% | 20.0% | 5.9% | Consc. | Conscript union very powerful in comp. matters ¹⁰³ |
| Norway | 8.3% | 12.3% | 9.7% | 17.9% | 6.7% | Consc. | ¹⁰⁴ |
| Sweden | 9.0% | 12.4% | 9.4% | 18.2% | 4.4% | Consc. | ¹⁰⁵ |
| W. Germany | 6.0% | 6.1% | 4.6% | 5.7% | 3.8% | Both | Compensation linked to growth in GNP, labor costs ¹⁰⁶ |
| For Com- parison USA | 5.4% | 9.1% | 5.6% | 2.3% | 2.6% | Vol. | Not unionized |

*Approximations based on reference cited.

Sources: Main Economic Indicators, Organization for Economic
Cooperation and Development, Paris, France.
Personal interviews with foreign military officers.
Published material; see footnotes.

This is not meant to imply that similar increases would accrue to the United States serviceman with unionization, but simply to illustrate that, in the European experience at least, unions have resulted in military personnel being more expensive. To infer that it would happen in America is to infer that the conditions are similar; obviously, they are not. The European military systems acquire manpower by conscription, or conscription plus voluntarism; the American system is purely volunteer. As such, the motivation is not purely economic or purely patriotic, but a mixture of economics, patriotism, adventurism, and many other factors. It is necessary then, for purposes of perspective, to recount the economic basis of the American all-volunteer military, to better understand the situation by the end of 1976.

Economics of the American All-Volunteer Force

Planning Costs. In ending the draft and initiating an all-volunteer military force, Congress accepted the obvious and often-reported fact that military personnel costs would increase significantly. The Department of Defense (DOD) Volunteer Force Study in 1965 projected a cost increase in personnel (wages and benefits) of \$4 billion, to establish and maintain a volunteer force. The Altman-Fechter Economic Model for a volunteer force, developed and published in 1967, projected a total transitional cost of \$5.4 - \$8.3 billion, for a force of 2.65 million military personnel.¹⁰⁷ Also in 1967, the Hansen-Weisbrod Model, developed under a study project

contract with the Johnson Administration, forecast a total transitional cost of up to \$17 billion.¹⁰⁸ The President's Commission on an All-Volunteer Force was established in 1969 under the chairmanship of Mr. Thomas S. Gates, and reported its findings in 1970. This Gates Commission recommended pay increases and benefit increases which totaled \$3.24 billion the first year (FY 71) and an eventual cost of \$1.47 - \$4.55 billion by FY 77; the cost would vary with the size of the force structure (2.0 to 3.0 million military).¹⁰⁹ The proposed pay scale reflected the recommended increase of 75% in first-term pay, with an across-the-board pay increase of 8%. Benefits, then substantial, were to remain or increase slightly in cost to the government.¹¹⁰ However, these large sums of money were never spent.

Actual Costs. Even with these projected substantial increases, the Congress under much social pressure voted to end the draft and establish the volunteer force during FY 72, with the draft to end by 1 July 1973. First-term pay was doubled, with an across-the-board average increase of 14.2% (included basic pay, basic allowance for quarters, and basic allowance for subsistence). Cost during FY 72 was \$1.9 billion; cost in FY 73 was \$2.7 billion. Though the Gates Commission recommended substantial changes to increase fringe benefits such as housing, dependent medical care, and educational opportunities, benefits in 1973 actually remained relatively unchanged, except that veterans benefits were increased somewhat.¹¹¹ The all-volunteer force project actually commenced 1 July 1973; the pay raises mentioned above were preparatory measures to stimulate the necessary volunteers.

In 1973, the Pay Council, acting in accordance with the Pay Comparability Act (Sec. 5305, Public Law 91-656), recommended a 5.5% pay increase to President Nixon. He attempted to defer the pay raise in an attempt to cut budgetary expenditures and help curb inflation, but Congress overruled his deferment. President Nixon had attempted much the same deferral in 1972 and had lost the case in a decision by the Supreme Court.

In 1974, private sector civilian employees wages had gained an average 6.4% by March 1974; despite that fact, the Office of Management and Budget recommended a 5.52% raise, though the AFGE (and apparently the Pay Council as well) recommended an 8.4% increase.¹¹² Congress approved a 5.5% increase. President Ford, having recently succeeded President Nixon, proposed a two-month deferral; that proposal was defeated by the Senate, with considerable union (AFGE) lobby effort (to include the distribution of handbills to military servicemen).

In 1975, the Pay Comparability Act formula again projected a recommended pay raise over 8%. President Ford proposed a pay cap for the military of 5%, in an effort to curb inflation and reduce government spending. Congress accepted that proposal, and approved a 5% raise.

In 1976, the formula called for a 7.5% raise. The OMB estimate for the FY 77 budget had been 4.87%. President Ford had announced his desire for a pay cap on federal pay raises of 5%. The Pay Council heeded the President's call for restraint, and recommended a pay raise of 4.85%. Three members of the Pay Council (among them the AFGE representative) resigned from the

Council in protest of the low increase. The AFGE proposed a one-day walkout by all federal employees, to protest the Pay Council decision. Nonetheless, President Ford (acting in consonance with his OMB Pay Agent) agreed to this rate, as it was below his requested pay cap. Congress approved the 4.83% raise for military personnel.

The serviceman's purchasing power continued to decline. Though some fringe benefits were lost to individual servicemen as a result of Administration or Congressional proposals, the aggregate cost of fringe benefits actually increased, in terms of total dollars. Congress applied increasing pressure to curb the growth of such costs, thus limiting their availability. The cost of the military retirement programs rose most dramatically, as the retirement annuity was based upon the higher military pay scales, and the number of retirees increased markedly. The total personnel cost increases prompted Congress and the DOD to re-evaluate certain personnel programs, in an effort to reduce costs. In 1975, the Administration introduced legislation to Congress to change the officer personnel management program (DOPMA) and to modernize the retirement system for officers (RMA). Neither bill passed the Congress; both were re-introduced in 1976, again without passage. Both are expected to be re-introduced to the 95th Congress in 1977. The anticipated cost reductions are \$4 billion per year.¹¹³ Rather than substantial increases in personnel costs (up to perhaps \$17 billion), Congress has spent perhaps \$2 billion in support of the all-volunteer force, with increasing efforts

to reduce costs rather than increase them. And cost projections are now aimed in both directions: save to support a tight Defense budget, and spend to thwart union efforts to organize the military.

Projected Costs. By the end of 1976, the mood of Congress seemed to have shifted from the attractive political, social, and moral attributes of the all-volunteer force concept to the harsh economic realities. The projections for future budgets were equally alarming. Personnel costs, then at near 56% of the total defense budget, might rise to near 60% within a few years. Reform seemed necessary by Congress and the DOD, in the form of aggressive positive action to curb personnel costs.

Mr. Martin Binkin, in writing The Military Pay Muddle in 1975, recommended new programs for military compensation. His salary system, reformed retirement system, and revision of the dependent health care programs, (all of which would result in lower total compensation for the individual serviceman) were projected to lower personnel costs by \$1-2 billion per year.¹¹⁴

The Defense Manpower Commission Report, published in 1976, recommended a thorough overhaul of the compensation package, and the institution of (1) a salary system, (2) deferred retirement programs, and (3) changes in some of the institutional benefits. These changes also would result in a decrease in the total compensation given to the individual serviceman. Cost savings were not projected for FY 77

by the Defense Manpower Commission, but clearly the recommendations were an attempt to reduce defense personnel costs. The recommendations were based on a continued all-volunteer force, in three different economic scenarios (slow, moderate, and rapid growth). It was noted by the Commission that volunteer shortfalls might occur in a rapidly-expanding economy, in the years 1977-85, which could require a pay increase of 10-17% to stimulate recruiting.¹¹⁵ Manpower availability could impact on the recruiting programs regardless of the economic conditions, as the number of young workers entering the labor force was projected to decline steadily during the time frame. Figure III-5, from that Report, depicts the composition of the 18 year old male population, to illustrate the possible shortfalls.

A Brookings Institute study, Setting National Priorities, The 1977 Budget, commented that military personnel costs were spiralling and needed stabilization to allow more real growth in the capital investment areas of the defense budget (i.e., more hardware). The study noted, though, that personnel costs might necessarily have to rise, to ensure pay comparability with the private sector. This was "the key to recruiting for the all-volunteer army. If military salaries are artificially capped, there could be serious risk of manpower shortages."¹¹⁶ The Institute recommended changes to the military pay system, acknowledging the insufficient pay raises given the military during the years 1974-75. Cost savings of \$1-2 billion per year might be realized with the reformation of certain personnel programs.

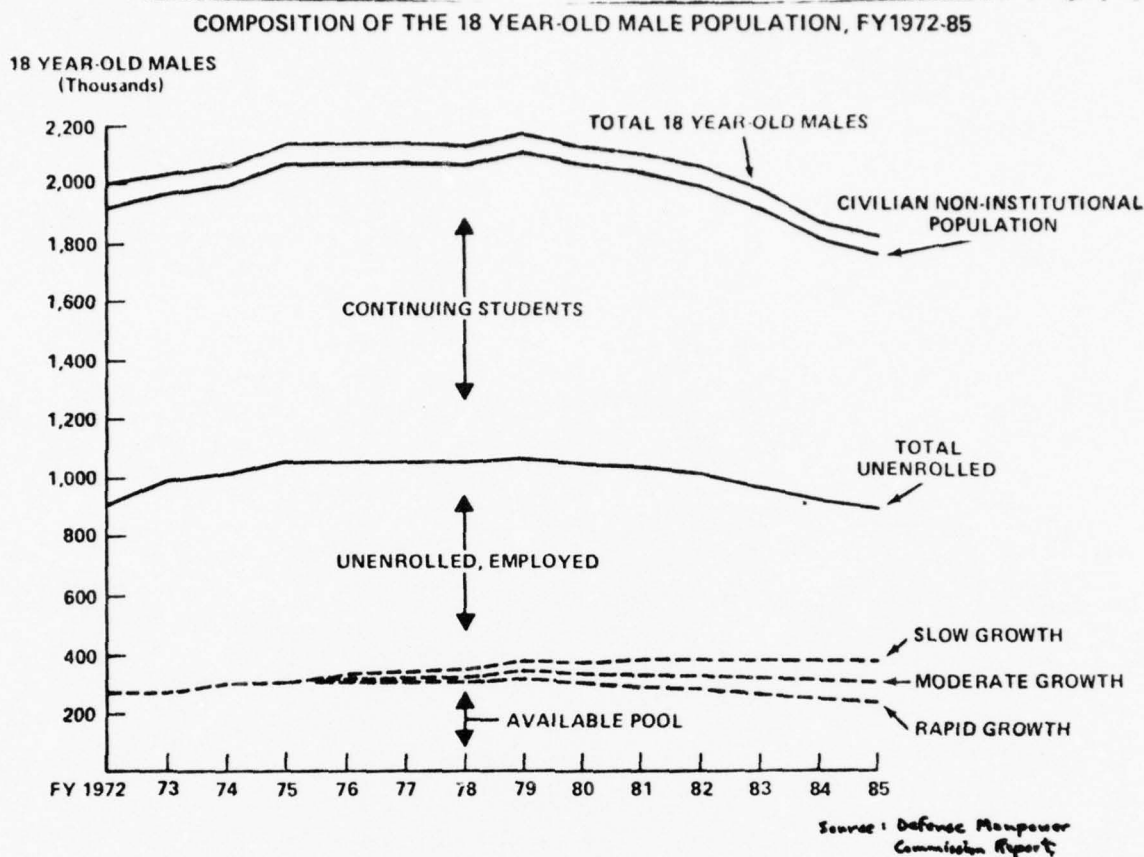


Figure III-5

However, the Executive Branch had some other plans which could increase costs rather than reduce them. The incoming Carter Administration had announced programs during the campaign to reduce national unemployment from 8.1% to about 6.5% during 1977, and to cut defense spending by about \$5-7 billion.¹¹⁷ Based on the Altman-Fechter Economic Model mentioned earlier, (which stated that military enlistments varied directly with the national unemployment, military pay scales, and draft call pressures), it was possible for the author to project, in a macro-economic sense, the short-term supply function of

enlistments relative to the projected unemployment rates and military pay scales for 1977. This should demonstrate a relationship between these announced programs and any resultant military personnel costs.

Employing this relationship to the projected statistics for the Carter Administration, assuming that Supply (the ratio of non-prior service male enlistees to the total active force) is to remain at FY 77 levels, first-term Pay would have to increase just to allow the services to continue their standard 95% recruiting results in the face of a decrease in unemployment to 6.5%.¹¹⁸ Theoretically, this pay increase might approach 10%, or about \$5.0 billion¹¹⁹ in an across-the-board pay raise. This relationship, and its possible results, illustrate the direct and positive correlation of pay and unemployment upon recruiting. Further, it shows that certain Carter Administration programs could adversely affect the status of the volunteer force manpower levels, and could adversely impact on Administration plans to curtail military spending.

It should also be noted that no attempt is made to project the possible increased cost of fringe benefits or job security matters, relative to a unionized military. As mentioned earlier, civilian workers enjoy significant advantage over government workers and military personnel in fringe benefits and job security. Unionized government workers enjoy a substantial advantage over military personnel in fringe benefits and job security. It is doubtful such advantage would be overlooked by either the interested unions, or servicemen. Costs could increase here also.

The Economic Logic of American Military Unions

It is now possible to develop, deductively, an economic explanation of the movement toward possible unionization of the American military, to serve as a basis in answering the questions in the next chapter.

(1) Unionized people generally (foreign and domestic) have their collective economic interests as a basis for their union membership in a labor market; their collective power usually results in above-average wages and benefits.

(2) Unionized government employees have been successful in advancing their economic status through unionization.

(3) The unions themselves are interested in organizing the American military, to increase their union memberships, and to better represent the military in economic matters with Congress and the Executive Branch.

(4) Military servicemen have adverse economic perceptions; they perceive an erosion of pay and benefits, and an inability to influence the perceived deteriorating status.

(5) A unionized military community could reconcile the perceived economic disadvantages through collective action, resulting in higher pay, benefits, and job security.

The additional budgetary cost of such military unionization could be substantial.

CHAPTER IV

ANSWERS AND A COST PROJECTION

Recalling the definition given in Chapter I, that a union is "an organization of individuals formed to promote, protect, and improve, through collective action, the social, economic, and political interests of its members," it seems only logical that the American serviceman might be inclined to consider joining a union. The serviceman needs only to recall what unions have accomplished for the private citizen labor force, and for the public servant labor force. In both labor elements, their social condition and status have improved. Their economic conditions (wages, fringe benefits, and job security) have improved markedly. Their political influence has increased to include national politics, and continues to grow. These results are certainly noted by the American serviceman. In addition, his perceived need for protection and representation has increased, as many surveys have determined. Finally, the Congressional budget cuts, perceived as deleterious to the economic status of the serviceman, may have attenuated the economic situation in favor of unionization.

An Answer to Question #1

The question was asked in Chapter I: Is Military Unionization a Distinct Possibility? To answer simply, at the end of

1976: yes. Precedent for military unions exists within other countries, and, to a significant extent, within the United States. Government employees' unions are established and steadily increasing in size; history is testimony that, once established, such social elements do not disappear. There seem no significant legal barriers, at least not in the long term; there are significant economic factors encouraging it, social factors naturally favor it, and the strength of the First Amendment could very well overwhelm any political barriers. The power authorities (Congress and the Executive Branch) would have to react to the change rather than prevent it. Indeed, from the literature, no reason can be found why unions might not occur; it seems the "inevitable" consequence of the United States' legal, social, economic, political, and even military history. Congress looms as the counterweight to the situation; by Congressional actions or inaction the military could either be influenced to this unionization or to the continuation of the present status: voluntarism, Congressional paternalism, and the traditional singular chain of command concept. Congress has done little to exercise its capabilities to forestall the move to unionism. That may have been expected, as the Congressional effort would primarily involve the appropriation of federal dollars to support military programs, as requested by the Executive Branch of the government. In recent years the Congress has followed the recommendations of the Administration in its treatment of military compensation, especially in their mutual desire to lower personnel costs. Unionization of the military could

change that, as unions generally result in an increase of personnel costs. To better understand the costly nature of unionization, a summary of the findings, from the review of the literature as expressed in Chapters II and III, is provided in Figure IV-1.

SOME ECONOMIC RESULTS OF UNIONIZATION

| <u>Element</u> | <u>Eventual Advantage With Unionization</u> |
|----------------------------------|--|
| U.S. workers' unions (generally) | 16% wage advantage over non-union workers; high and increasing benefits programs; greater job security. Average first-year cost increases 8.8%, average cost increase over life of contract 7.1% (1976) |
| Federal employees' unions | Wages linked indirectly to inflation via Pay Comparability Act, with annual raises. Wage increases lagged inflation by 8% for 1973-76. |
| Postal Service unions | Wage settlements via negotiation 25% greater than other federal employee agreements/pay mandates (1976) |
| Foreign military unions | Approx. 16.5% pay increase over period 1973-76, vs. 11% average inflation rate. Wages often linked directly to country's inflation, with wages adjusted monthly in some cases, on 1%-for-1% basis, or lump sum basis to all individuals. |

Figure IV-1

All results point to one conclusion: unionization increases personnel costs. Wages, fringe benefits, and even job security costs increase. But this was not the current

inclination of Congress and the Administration at the end of 1976; they looked for personnel cost reductions. The significant economic aspects of the various Commission reports and Institute studies were also noted in Chapter III; the literature concedes the expensive nature of the American all-volunteer force, with some reports urging increased support, and some pressing for reforms to lower the personnel costs of the military.

Military unionization in America is a distinct possibility, the probability of which can best be assessed only on the basis of the actions of Congress. If Congress moves to satisfy the perceived economic deprivations of the military-at-large, that probability can be lessened. If Congress does not, but chooses rather to continue supporting the Administration's battle against rising military personnel costs, then the possibility of unionization becomes that much more a probability as well. The matter hinges on Congressional action, and the resultant perceptions of the military. Congress can act upon either of two general alternatives:

Alternative #1: Continue its paternalistic provision of an acceptable level of compensation to the military, thus possibly preventing unionization (i.e., pay now), or

Alternative #2: Continue the perceived methodical erosion of pay and benefits, thus possibly encouraging unionization with its expected economic results (i.e., pay later).

Congress seems caught in the middle; should it decide to continue its attempt to lower personnel costs (but still maintain a credible deterrent military strength and a high quality manpower force), it thereby increases its chances of

encountering a unionized military whose subsequent economic demands would be the same demands which Congress is attempting to diminish. History has shown the evolution of unionism to all sectors of society, and the rise in personnel costs with unionization, be it private sector civilian, foreign military, public sector civilian, or even the U.S. military. Any attempt at this point to summarize, statistically weight, rationally adjust, and then naively project such personnel costs to the military, based on the history of these other union results, would be specious and speculative at best, and grossly underestimated at worst. The social systems have differed, the times have changed, and the economic conditions have differed drastically. It may be deduced, however, that personnel costs per individual do go up with unionization. While wage gains are the most obvious, the costs of fringe benefits and job security also increase. As unions usually negotiate for packages (wages, fringes and security) rather than strictly wage gains, the summary given above in Figure IV-1 must be accepted as a very conservative estimate of the total compensation advantages having accrued to those memberships. Further, in the cost projections to follow, the projections will also be conservative estimates for the same reasons. The total costs might surpass the projections by 30-50%!

A Cost Projection

Congress could decide to pursue Alternative #1, i.e., to maintain and even enhance the military compensation programs via pay raises in accordance with the Pay Comparability Act of

1970. It could attempt to override any Presidential pay caps and delays, and could by such actions regain the paternalistic nature ascribed to Congress for so many decades. This would cost, as the changing of the military perception would probably not come quickly, easily, or inexpensively. Assuming no immediate pay raise to reassure the military, Congress would nonetheless have to raise pay scales to meet or beat the inflation rate for perhaps three consecutive years in order to regain the trust of the individual serviceman, and thereby diminish his interests in unionization. This could amount to pay raises alone of about 6% across-the-board, or about \$3.5 billion for fiscal year (FY) 78, and nearly \$4 billion thereafter. For wages alone, total transitional costs (FY 78-80) would be about \$11.5 billion. The desired savings via Defense Officer Personnel Management Act (DOPMA), Retirement Modernization Act (RMA), and other contemplated cost-reduction personnel programs would be lost as well.

Should Congress select Alternative #2, i.e., continue its attempt to lower personnel costs, with unionization the very probable consequence, costs could go up even higher. The union would probably strive for initial pay raise increases of about 8%, to regain "comparability." Further, the union would probably press for at least annual adjustment in wages to offset or surpass the inflation rate, via some economic indexing method. The initial pay raise might result in an additional expenditure of about \$4.2 billion, probably in FY 78 plus another \$3-4 billion annually, based on the 1976 force levels, and mid-1970s inflation rates. Benefits would

probably cease their perceived erosion as the union would effectively lobby Congress for reconsideration; thus, the Congressional savings alluded to in Chapter III via adoption of DOPMA and RMA would be lost as well. In the aggregate, the total transitional cost would approach \$15 billion (FY 78-80), based on wages alone.

An Answer to Question #2

It is now possible to answer Question #2: Would Significant Additional Budgetary Costs Accrue to the Department of Defense with the Unionized Military? Unequivocally, yes. As Congress lingers in its attempts to save perhaps \$1-2 billion with DOPMA and RMA, it would certainly be appalled at the prospect of not decreasing but instead increasing defense personnel costs by over \$4 billion in the near term, and nearly \$15 billion through 1980, with unionization. As Congress in FY 77 appropriated about \$51.8 billion to defense personnel costs, this \$4 billion increase represents a gross increase of 7-8% for FY 78; this is deemed a significant additional cost to Congress and to the Department of Defense.

An Answer to Question #3

Accepting that significant additional budgetary costs would accrue to the Department of Defense with the unionized military, Question #3 can be confronted: Are These Costs Prohibitive? (Might Congress Disallow Unions for Budgetary Reasons?)

With Alternative #1, Congress pre-empts the question and makes it moot. By the decision to increase spending and provide adequate compensation to the military, and thereby thwart the union movement, Congress is stating its intention to support the military personnel programs, regardless of cost. Such costs are therefore not prohibitive, and Congress would not be disallowing unions for budgetary reasons. The answer is then: No. This decision implies an acknowledgement by Congress that unionization is a distinct possibility, and that there are two alternatives. When both alternatives are thus acknowledged, the cost differential becomes slight--about \$3 billion.

With Alternative #2, Congress continues its drive in concert with the Administration, to lower personnel costs. Here the cost projections could reflect significantly to Congress and could result in a Congressional decision to stop unionization as being too expensive. The answer then is: Yes. Under this Alternative, many Congressional courses of action might be considered, to implement this decision to negate the cost increases. For example, Congress could:

1. Propose and enact legislation prohibiting unionization of the military (as a political matter),
2. Declare military personnel ineligible for the rights accorded citizens under the First Amendment of the Constitution, and hence not eligible for union membership (as a legal matter),

3. Re-instate a conscription system to ensure manpower for the military and to control costs (as an economic matter),

4. Neglect the union issue, and eventually, should the pressure build, allow unionization with severe restrictions on negotiation procedures, membership, recognition rights, and such other aspects (as a labor-management matter),

5. Attempt some middle-of-the-road posture of annual pay raises in accordance with inflation levels, with some reduction of traditional benefits, maintenance of the chain of command authority system, with a commensurate marketing effort to assure the military of a continuing Congressional support, and a possible reduction of manpower requirements to reduce personnel costs (as a mix of the political, legal, and economic aspects),

6. Shift the "welfare" programs for the military, such as retirement pensions, housing, and subsistence, from the defense budget to that of another department (e.g., the Department of Health, Education, and Welfare) for better management, thus in effect lowering the defense personnel costs (as a cosmetic accounting matter),

7. Do nothing; simply wait for further developments by either the military or the unions,

8. A combination of these courses of action (e.g., reinstate the draft and also prohibit unions).

Any of these might be considered and adopted. However, in a purely economic sense, the return to some degree of

conscription as an alternative would also produce additional costs. In the national debates preceding the decision to end the draft in the early 1970s, it was acknowledged that the draftee paid an "implicit tax" to the nation, in that he served at a lower wage rate than he might realize in an open labor market. Congress enjoyed low labor costs with the draft military. It is doubtful such labor would be again available at such reduced costs to the government. An argument that a return to the draft system would lower defense personnel costs seems an ignorant position; it seems ignorant of the realities of the economic aspects of military service realized by youth during the latter 1970s. It is also ignorant of the bases for unionism per se, and ignorant of the history of foreign military conscript unions. The argument also ignores the union movements within the postal service, the other federal employee sectors, and the Air National Guard Technician force. Especially in light of President Carter's amnesty program to pardon draft evaders, Congress would have to ensure some economic stimulus to the military life, be it volunteer, conscript, or a combination thereof. Congress would still have to maintain a "comparability" with the civilian sector, with its additional annual expense of \$3-4 billion. Certain personnel management and retirement programs might be effected to reduce such costs by perhaps \$1-2 billion as noted earlier, in Chapter III; the net additional cost might then be only \$1-3 billion, but still expensive. Such a projection ignores the cost of the conscription system

itself, a system which could add several million dollars to the defense budget in addition to personnel costs.

Now, might Congress disallow unions for budgetary reasons? Maybe. In that the federal budget for defense personnel costs would climb with unionization, Congress could decide the expense for such a right is too great a burden on the taxpayer, and could attempt to prohibit unions, directly or indirectly as noted above, based on the significant additional costs. It would be pure speculation to pretend the mood of Congress vis-a-vis the mood of the military in this regard, yet such subjective perception is all-important here, be it realistic or contrived. It does seem the mood of Congress to continue its responsibility "to raise and support armies," by its supervision of military spending, the progress of the all-volunteer force, and the morale and organization of the military force. It is quite possible that Congress may consider legislation in 1977 to deal with costs of certain military personnel programs, with the military union movement, and also with shortages in the ranks (due to lack of volunteers).

CHAPTER V

CONCLUSIONS

From the review of the literature and analysis of its findings through 1976, it can be concluded that Congress is not likely to significantly reduce military personnel costs, short of a decision to sacrifice strategic deterrence credibility or manpower quality. Unionization looms as a distinct possibility, with a probability directly related to the perceived efforts and success of Congress and the Administration to reduce military compensation. It has been shown that costs will not decrease with unionization; they will increase, significantly. Costs will not decrease without unionization; they will increase, but not so significantly. Should Congress attempt to lower perceived compensation and also prohibit unionization, it can be concluded that the military will probably organize despite the legal/political opposition, in much the same fashion as other public sector employees have done, (e.g., firemen, policemen, teachers, and the like). Such organization could occur via a national union such as the American Federation of Government Employees (AFGE), a new union organized by the military solely for the military, or a scattering of smaller organizations such as the various military associations.

From the review and analysis, it was determined that the all-volunteer military force could conceivably return to a mixed force of volunteers and conscripts, but military personnel costs would rise nonetheless. The labor market would inherit, rather re-inherit, an artificiality in the form of a government/military labor priority. The draftee would again in effect be subsidizing the military by his involuntary acceptance of a wage and benefit scale lower than that possible elsewhere in the labor market.

The matter of free market transactions should not be overlooked in this regard; many of the economic arguments promoting the all-volunteer force would be lost with the return to conscription, in whatever its form: universal service, selective service, or a mixed force concept. Most foreign military forces are mixed; that is, the young men will be drafted but may also elect to enlist. Further, they may elect to remain in military service after their short initial obligation. Many of these foreign militaries are unionized, as was shown in Chapter II and Chapter III. The strong unions in such countries are those which represent the careerists, not those which represent the conscripts. Conscription would not necessarily preclude unionization; rather, it could enhance it. Congress consciously decided in the early 1970s to enter the free labor market to secure its military manpower; it cannot casually leave that market and expect to secure its manpower requirements at lower costs. Unions exist for the protection of such a labor element, and will rise up to protect the

market system generally and the military manpower element specifically, should the economic conditions of that element be jeopardized.

The unions are real, and seem fully intent on protecting the economic interests of the serviceman; Congress must decide only whether that economic protection will be Congress-initiated or union-initiated.

Future research, relative to the economic aspects of military unionization, could:

a. Investigate the possibility of formation of a new union to represent the military, versus a government-employee union with its inherent conflict-of-interest situations.

b. Investigate a free market approach to recruiting volunteers for individual services; for example, raise the compensation levels for an individual service when the service experiences a recruiting shortfall, as a substitute for unions.

c. Perform a market analysis to determine the attitude of the military community regarding unionization, to determine the specific segments of that military population interested in unionization and the factors influencing that interest, to better satisfy such segments of the military.

d. Investigate the long-term effects of unionization on force structure and manning levels, with the resultant effects on personnel costs and any other economic considerations.

e. Investigate the possible changes to enlistment contractual agreements necessary as a result of unionization,

relative to pay, benefits, and job security.

f. Design and discuss a union organization which could serve as the model for the U.S. military union.

This study attempted to identify and analyze the economic aspects of military unionization. It was determined that military unions are a distinct possibility, and that such unions could involve significant additional budgetary costs. Congress should consider these significant costs as it develops its response to the military unionization dilemma.

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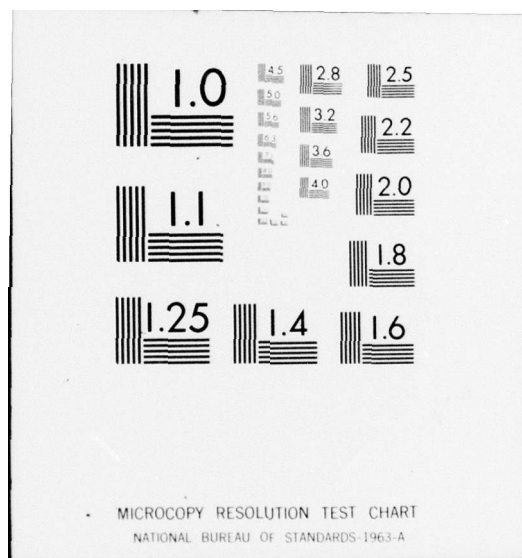
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